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Final Edition ESTABLISHED OVER 100 YEARS In 2 Sections—Section 1

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 161 Number 4398 New York, N. Y., Thursday, June 28, 1945 Price 60 Cents a Copy

Senate Holds Hearings on Bretton Woods

By HERBERT M. BRATTER

Senator Taft, Leading Opponent, Alone Evinces Interest in Arguments. Officials of F. R. Bank of N. Y. and of ABA Express Views. Senate Expected to Debate Bill Before Recess.

Herbert M. Bratter

WASHINGTON, D. C., June 27—The Senate Banking and Currency Committee, which took up the Bretton Woods proposals following the strong vote of approval in the House, gave the subject about a fortnight's attention. Apart from Senator Robert A. Taft's interrogation of witnesses, the committee on the whole exhibited only a superficial acquaintance with or interest in the details of the Bretton Woods agreements or legislation.

Senator Robert F. Wagner, Chairman of the Committee, although he was a member of the U. S. delegation to the interna-

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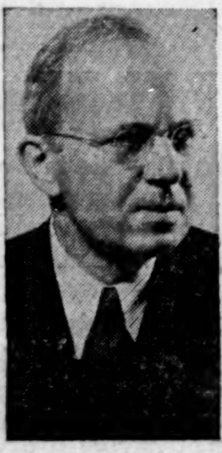
Fallacies of Bretton Woods Proposals

By BENJAMIN M. ANDERSON*

Professor of Economics, University of California, Los Angeles
Formerly Economist of the Chase National Bank, New York

Dr. Anderson, Holding That Currencies Must Be Stabilized Before Exchange Stabilization Is Accomplished, Asserts Small Loans Can Stabilize Currencies Whereas Proposed Fund Will Merely Sanction Exchange Restrictions and Generate "Hot Money." Asserting That Distinction Between Current and Capital Transactions Is Impossible, He Criticizes the Bank and Concludes the Plan Is Vicious, Artificial and Self-Defeating. Proposes Instead an American Institution.



Benj. Anderson

The great job of the government in straightening out the post-war world is political, not economic. Government have long experience and sometimes even great skill in arms, in diplomacy, in justice and police. In the direct handling of economic life, governments are usually clumsy and ineffective. In economic life their main business should be that of traffic cop, not that of driver and above all not that of backseat driver.

The Congress has made an immense forward step in the passage of the Reciprocal Tariff legislation designed to help remove governmental restraints on international trade. In the great post-war emergency, we must, of course, do a great deal more than

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*Statement by Dr. Anderson before the Senate Committee on Banking and Currency, June 22, 1945.

(Continued on page 2858)

Refutes Beveridge's Arguments On Planned Economy

R. Gordon Wasson, in the "Harvard Business Review," Skillfully Points Out Defects, Errors and Omissions in British Economist's Proposals. Says Scheme Based on Keynes' Philosophy Would End Private Enterprise and Will Prove Unworkable. Notes Misgivings Regarding United States' Future and Compares Murray Full Employment Bill With the Beveridge Proposals.

In an article published in the summer issue of the "Harvard Business Review" R. Gordon Wasson, Vice-President of J. P. Morgan & Co. Incorporated, devoted to a review and criticism of the recent book of Sir William Beveridge entitled "Full Employment in a Free Society," vigorously attacks the author's scheme to set up "a planned economy." After stating that the book "captivates the reader by its kindliness and tone of sweet reasonableness," Mr. Wasson refutes the notion that a "sellers' labor market" and a "continuous steady expansion can be perpetually maintained" and, at the same time, safeguard what Beveridge states are "the essential liberties which are more precious than full employment itself," viz.: (1) freedom of worship, speech, writing, study and teaching; (2) freedom of assembly and association for political and other purposes; (3) freedom in the choice of occupation, and (4) freedom in the management of personal income.

R. Gordon Wasson

"Beveridge," says Mr. Wasson, "takes pains to declare that the essential liberties as he conceives

(Continued on page 2862)

San Francisco Parley Ends

By A. WILFRED MAY

Special Correspondent of the Commercial and Financial Chronicle

Conference Results Analyzed and Claimed Advantages Over League of Nations Found to Be Exaggerated. Big Power Veto Over Charter Revision a Vital Fault. Interim Commission Starts Functioning.

SAN FRANCISCO, Calif., June 27—The past week has truly constituted appraisal time at the Conference. Although years will have to elapse for the net results to be measured in full perspective now some objectivity can be used in judging the outcome of San Francisco's two-month negotiations, deliberations, and legal controversies.

A. Wilfred May

San Francisco has not created a body to stop all aggression. Building on the framework of Dumbarton Oaks, it has made a system under which acts of aggression by the small powers are prevented, and under which for the five Big Powers a mechanism is provided for their consultative settlement of disputes. The new system is based on the major premise that in this practical world, freedom of action must be legally vested in the Big Powers. Because with or without a collective system it is they who will either keep or break the world peace. Possibly through lack of confidence in the Conference's results, and to escape from burdensome analytical detail, falling back on favorable comparison with the old League of Nations Covenant is being relied on in a barrage of commentary. While it

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Don't Change the Treaty-Making Power

By WILLIAM A. ROBERTSON

Mr. Robertson Points Out the Advantages of the Present System of Treaty Ratification, and the Objections to Having Treaties Merely Approved by a Majority of Both Houses of Congress. Holds That Present System Has Worked Well Over the Last Century and a Half and Has Acted Both as a Check on the President and as a Preventive of Hasty Legislative Action, and Also Has Avoided the Dangers of "Manufactured" Popular Pressure. Quotes Authorities in Support of Contention That the Serious Nature of Treaties Requires a Geographical as Well as a Popular Approval.

Should any one propose to amend our national constitution by abolishing the veto power of the President, he would secure no attention. The veto power has worked well for a hundred and fifty years. But an equally foolish constitutional amendment is being urged. I refer to the proposal that treaties with foreign nations shall be ratified in the same manner as ordinary laws are passed—by a mere majority vote of both Houses of Congress. Our constitution provides that the President "shall have power by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur." The concurrence of the House of Representatives is not required. The only reason for proposing to change this provision seems to be a fear that the Dumbarton Oaks agreement (if ever reached) might fail of adoption by the Senate.

Wm. A. Robertson

The Purpose of This Article—This article seeks to show that this provision has worked extraordinarily well for a century and a half. It has prevented some foolish agreements with foreigners; it has secured, in at least one instance, the passage of a most necessary and beneficial treaty, which would probably have failed of adoption had it depended for approval upon the lower House of Congress. No extended or minute scrutiny of our diplomatic history is here possible. A few outstanding instances of exceptional importance will suffice. But first it is necessary to understand why

(Continued on page 2867)

Clifford Named Asst. Treas. of Mutual Life

Leonard C. Clifford has been appointed Assistant Treasurer of the Mutual Life Insurance Company of New York, according to an announcement made by Dwight S. Beebe, Vice-Pres. and Treas.

Since 1929 Mr. Clifford was associated with the National City Company of New York and the National City Bank, primarily in auditing work and as a member of the cashier's department. Prior to that, he was affiliated with the Detroit office of Lybrand Ross Bros. & Montgomery, and with R. F. Bishop, certified public accountant of Columbus, O.

Proposes Safeguarding Operations of BW Fund

American Bankers Association Recommends Four Amendments to Bretton Woods Agreements. Burgess, ABA President, Drops Opposition to Monetary Fund Since House Has Adopted Some Changes Proposed by His Organization. Discusses Inflationary Possibilities of Fund. ABA Attitude Misinterpreted.

The American Bankers Association, of which W. Randolph Burgess of the National City Bank of New York is President, issued on June 25 a statement proposing four recommendations for safeguarding the operations of the International Monetary Fund set up by the Bretton Woods Agreements. These recommendations are:

W. R. Burgess

"I. Clarification of the power of the Bank to make loans for financial and monetary rehabilitation and for exchange stabilization. The House amendment (Section 13) does this satisfactorily.

"II. Clarification of the short-term character of advances by the Fund. The House bill does this only partly; the language is ambiguous. Perhaps the best way to do this is to provide as a condition of use of the Fund that it can be shown to the satisfaction of the Fund that the member making the purchase of exchange can repay within 18 months and agrees to do so. This condition should not be subject to waiver. This would be following the precedent of the Federal Reserve System and other banks of issue in having a definite maturity for advances.

"III. An agreement by all members that the same directors and alternates will be designated for the Fund and the Bank. The House bill does this for Governors, but this is inadequate to assure coordination of operations.

"IV. Agreement to defer for further consideration the highly controversial Article VII, with respect to scarce currency."

To make the foregoing interpretations and agreements fully effective, the statement pointed out, they should be made conditions of the acceptance by the United States of membership in the Fund and Bank.

The other method of attempting to accomplish the purpose is the one contained in H. R. 3314 of instructing the American governor and directors to obtain interpretations and if these are unsatisfactory to present the necessary amendments. This method, the statement added, may not accomplish the purpose. Mr. Burgess, who appeared before the Senate Banking and Currency Committee on June 24, reversed his previous stand, and that of the American Bankers Association, by endorsing the $8,800,000,000 International

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Herbert D. Seibert,
Editor and Publisher
William Dana Seibert, *President*
William D. Riggs, *Business Manager*

Thursday, June 28, 1945

Published twice a week
every Thursday
(general news and advertising issue)
and every Monday
(complete statistical issue—market quotation records, corporation, banking, clearings, state and city news, etc.)

Other Offices: 135 S. La Salle St., Chicago 3, Ill. (Telephone: State 0613); 1 Drapers' Gardens, London, E. C., England, c/o Edwards & Smith.

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Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of March 3, 1879.

Subscriptions in United States and Possessions, $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year.

Other Publications
Bank and Quotation Record—Mth. $25 yr.
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NOTE—On account of the fluctuation in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Cajolery

Registration of Partners, Officers, Salesmen, Traders and Other Personnel of NASD Firms Would Be First Step in Making Over Investment Industry to Give It a "Professional" Tinge. The "Chronicle," in the Public Interest, Will Continue to Vigorously Oppose Bureaucracy and the Regimentation Stemming Therefrom and to Uphold the American Philosophy of Government Which Calls for Government by Law and Not Government by Men.

In our last issue we commented editorially on the poll being conducted by the National Association of Securities Dealers amongst its members on a proposal to compel the registration with the NASD of "partners, officers, salesmen, traders and certain other employees of member firms."

Addressing himself to that editorial, George N. Lindsay, NASD Chairman of N. Y. District No. 13 Committee, on the letterhead of Swiss American Corporation, New York City, wrote a letter to "Dear Wally," Wallace H. Fulton, Executive Director of the NASD.

Mr. Lindsay sent us a copy of that intemperate letter, general in its terms. His motive in so doing must be obvious to all. We quote in part from it:

"At one point I had thought that the "Commercial & Financial Chronicle" could make some useful contribution to stimulating critical debate. But a wild-eyed foaming at the mouth at anything and everything must inevitably destroy any possibility of usefulness and will, of course, disgust all the thoughtful and respectable onlookers."

The "Chronicle" is quite content to stake its reputation on the judgment of its constituents, who consist largely of the profound thinkers of America, as to whether or not its opposition to the attempts of the NASD to change trade custom in the securities field and to regiment and shackle the dealers and brokers constitutes "foaming at the mouth" and is "disgusting."

In our editorial we attempted to stress by means of logic our viewpoint that this effort to compel registration was a usurpation of power without warrant in law.

Our slant indicated this was an unwarranted spreading of regulation upon an industry already sorely burdened.

Mr. Lindsay's letter impels us to give the subject an additional going over.

Our editorial was intended to "make some useful contribution to stimulating debate" and doing so for one thing by bringing out, as they come to light, facts in the case which have not been revealed to the membership of the NASD.

That Mr. Lindsay differs with us is not surprising, nor would we find fault with him if he chose the medium of reason. Blatherskiting will not, we are sure, make an imposing impression on our readers.

Now for this poll proposition.

We claim that the letter dated June 20, 1945, accompanying the ballot and sent by the NASD to its

(Continued on page 2871)

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Selected Issues in Post-War Taxation

By ROY BLOUGH*
Assistant to the Secretary of the Treasury

Government Tax Expert, After Asserting That There Is Less Room for Tax Reduction Than Most People Appear to Expect, Says That Proposed Tax Changes Between V-E and V-J Day Aim Merely to Aid Reconversion and Small Business, and That in Post-War Period the Area for Tax Reduction Is Relatively Small. Points Out That Prime Object Is to Raise Necessary Revenue With Minimum Restrictive Effect on Business and Consumer Spending. Holds Equity Hampers Simplification of Tax System, and That to Achieve Maximum Stability Post-War Revision Should Be Made With Great Care and Study.

To be asked to speak before the New England Council is both a pleasure and an honor. The Council's work is widely known and highly regarded. Through its agriculture, labor, and industry committees, for example, it has made important contributions to the understanding of major public issues. Through Dean Donham and others, it has recently rendered particularly valuable service in connection with the hearings of the House Committee on Small Business.

Roy Blough

Cutting across group lines and having wide representation, the Council is able to approach problems of public policy without pressing any special interest other than that of a healthy regionalism. It is thus well equipped to look at such broad problems as that of Federal tax policy, which has the difficult assignment of serving the public interest as a whole. Taxation is a powerful instrument, requiring judicious use. In the absence of restraint, it may be misused to penalize particular persons or groups. Or it may be bent to confer special privilege at the expense of the

---

*An address by Dr. Blough before the New England Council, Boston, Mass., June 22, 1945.

(Continued on page 2872)

Boren to Press for Action on Bill After SEC Conference

Oklahoma Congressman Tells "Chronicle" Representative That Fate of Measure is Not Dependent on Outcome of Meeting, on July 10, of SEC With Representatives of IBA, the Municipal Bond Club and Other Organizations. Says Issue Concerns State Sovereignty and Independence of Municipalities From Federal Control.

Lyle H. Boren

WASHINGTON, D. C., June 27.—Congressman Lyle H. Boren, of Oklahoma, on his return to Washington today following a visit to Europe, advised the "Chronicle" that on July 10 there will be held in Philadelphia a conference between the SEC and representatives of the Investment Bankers Association, the National Security Traders Association and others with reference to the Boren Bill HR 693. The purpose of the conference is to see whether the interested parties can get together on a draft of a bill which all parties can endorse. Among those who are expected to attend the conference in addition to the officers of the organizations already mentioned are David M. Wood of Wood, Hoffman, King & Dawson, municipal bond attorneys of New York City, and

(Continued on page 2875)

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Proposes Extending War Uses of Surplus Silver

Senator Theodore Francis Green (D.) of Rhode Island on June 20, introduced in the Senate a bill (S. 1170) to extend the Act, approved July 12, 1943 (the Green Act) which authorized the Treasury to use surplus silver for war and essential civilian purposes. The act, as it now stands, would expire by limitation at the end of this year, but under the proposed bill, it would be extended for a year.

Theodore F. Green

The bill was referred to the Banking and Currency Committee.

In a statement to the "Commercial and Financial Chronicle" Senator Green said that "I have this month introduced S. 1170 to extend for one year beyond its present expiration date the Green Act, an act which permits the Treasury Department to use surplus Treasury silver for war and essential civilian purposes.

"There is no less need for the extension now requested than there was for the previous extension, approved by the Congress last October, and I therefore anticipate no objection to the present bill.

"If S. 1170 is not passed, war and essential civilian manufacturing industries will be materially hampered in their production."

Richard Tifft, Jr., Now Trading Mgr. in Phila. for Hornblower Weeks

PHILADELPHIA, PA.—Richard D. Tifft, Jr., is now Manager of the Trading Department for Hornblower & Weeks, 1429 Walnut Street.

SEC Promotes Connolly

Joseph G. Connolly

Joseph G. Connolly of the New York office of the Securities and Exchange Commission has been promoted to the office of Chief of the Interpretive Section of the Corporation Finance Division, succeeding R. Oliver Wolcott. Mr. Connolly was born in New York 29 years ago and was educated at Manhattan College. He graduated from the Columbia University Law School, and then became associated with the New York Law Society. After engaging in law practice, Mr. Connolly was appointed to the staff of the New York office of the Securities and Exchange Commission, where he served as an attorney of the Commission since 1942.

Mr. Connolly's headquarters will be in Philadelphia, the present location of the main offices of the Securities and Exchange Commission.

Correction

The partners in Georgeson & Co., 52 Wall Street, New York City, are Richard S. Nye, Florence E. Nye and Dorothy V. Seitz. Addition of other partners to the firm was erroneously reported in the "Financial Chronicle" of June 14.

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Bretton Woods Proposals Endanger Our Stability

By MERWIN K. HART*

President of the National Economic Council

Mr. Hart Opposes the International Monetary Fund Because (1) It Goes Into Matters Little Related to Stabilization; (2) It Is Needlessly Complex and Obscure; (3) It Sets Up a Superstate; (4) It is, In Certain Respects, Gravely Misleading; (5) It Has Been Promoted by Misrepresentation and Fraud; and (6) It Has Been Promoted by the Treasury and State Departments Through Illegal Use of Taxpayers' Money. Says "Overwhelming Propaganda" Led Congressmen to Vote for Proposals and That a Similar Passage by Senate Would Make Wealth of U. S. the Pawn of Other Nations.

Secretary Morgenthau, in his "closing address" to the Bretton Woods Conference, stated in the following words the need he saw for the International Monetary Fund:

"First, there must be a reasonably stable standard of international exchange to which all countries can adhere without sacrificing the freedom of action necessary to meet their internal economic problems.

". . . The International Monetary Fund agreed upon at Bretton Woods will help remedy this situation." My knowledge of banking has been largely limited to what one can absorb from membership for 25 years on the board of directors of a National Bank in a moderate sized city. So, I speak from a layman's standpoint. The vast majority of Americans are laymen with respect to banking but as laymen they are affected by whether these Proposals are or are not approved. Some of the most important provisions in these Proposals are not wholly connected with banking but go far afield. Therefore it seems to me this is very much a matter on which laymen should be heard.

Reduced to laymen's language, the need which Mr. Morgenthau says must be met boils down to the fact that since World War I the currencies of most important commercial countries have been unstabilized. Nobody has known what the currency of one country might be worth the next day. Nobody denies that "a reasonably stable standard of international exchange" is desirable. But national sovereignty and internal economic stability should not be sacrificed to give foreign trade an exaggerated importance. Nor should we hazard our own stability in the effort to effect stabilization in other countries.

But, when we turn to these Proposals, we find that although only

(Continued on page 2868)

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*Statement of Mr. Hart at a hearing before the Senate Committee on Banking and Currency, June 21, 1945.

Jones, Miller to Admit

PHILADELPHIA, PA. — Jones, Miller & Company, Commercial Trust Building, admitted John F. Miller to partnership in the firm on June 18th.

Wm. B. Alford Dead

William B. Alford, Albany investment dealer, with offices at 59 Manning Boulevard, is dead.

NSTA Notes

CLEVELAND SECURITY TRADERS ASSOCIATION

The Cleveland Security Traders Association will hold their annual summer meeting at the Manakiki Country Club on Friday, Aug. 24, 1945.

BOND TRADERS CLUB OF SEATTLE

The Bond Traders Club of Seattle was host to E. E. Parson of Wm. J. Mericka & Co., president of the National Security Traders Association, and Edw. Welch, Sincere & Co., at the Club's annual field day and dinner on June 15th. On the following day, the officers of the Seattle Club and Harry Dingle, Wood, Gundy & Co., Ben Williams, Dominion Securities Corp., and H. J. Vicricaire, James Richardson and Sons, all of Vancouver, B. C., were entertained in the Parsons-Welch suite at the Olympic.

On Sunday, Hugh Schlicting, President of the Bond Traders Club, arranged a fishing party on Whidby Island where Art Latimer of Huston and Company and Joe Phillips of Pacific Northwest Company took the visitors salmon fishing. Parsons amazed all present by landing two big King salmon.

A luncheon of the Bond Traders Club was arranged at the Washington Athletic Club on Monday, and Mr. Parsons and Mr. Welch gave the membership and guests an interesting account of their trip around the country, including some most pertinent and interesting information regarding the Boren Bill, the disclosure rule and some of the activities of the NSTA.

SECURITY TRADERS ASSOCIATION OF CONNECTICUT

Security Traders Association of Connecticut held their annual outing on June 15th at Avon Country Club, Avon, Connecticut. Fifty-five traders sat down for dinner. New York was well represented with Abe Strauss, Strauss Bros.; Harry Arnold, Paine, Webber, Jackson & Curtis, Walter Nestor; Charley Tuttle, Harris, Upham & Co.; Jack Titollo, Harris, Upham & Co.; Bill Summers, Troster, Currie & Summers; Carroll Williams, Laird, Bissell & Meeds; Okie O'Connor, Jack Stevenson, Will Krisam, Huff, Geyer & Hecht; Bill Bastian, Jim Cleaver, Goodbody & Co.; Bob McCook, Buckley Bros., amongst those present.

Springfield and Boston were also modestly present. Sumner Woolley of Coffin & Burr, Boston took the golfing honors.

First prize on the liquor went to Jim English of Cooley & Company, Hartford, president of the Connecticut Traders, which caused considerable kidding and merriment. Harry Arnold of Paine, Webber, New York and Ray Hickey of Hartford took second and third prizes of a half case of rye each.

The weather held clear until evening when thunder storms scared most of the boys home early.

Calendar of Coming Events

August 24, 1945—Cleveland Security Traders Association annual summer meeting at Manakiki Country Club.

August 28, 29 & 30, 1945—National Security Traders Association, Inc. annual business meeting and election of officers.

Stettinius Resigns

Presiden Harry S. Truman yesterday announced the resignation of Edward R. Stettinius, Jr., as Secretary of State. Mr. Truman stated that he was accepting the resignation only for the purpose of permitting Mr. Stettinius to become representative of the United States on the United Nations Security Council and Chairman of this country's delegation to the organization's General Assembly.

Mr. Stettinius, who has just returned to Washington after playing a major role in the United Nations Conference at San Francisco, pledged his every effort to furthering the lasting peace which is the principal objective of the proposed new world organization.

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New England Power Association Plan

New England Power Association ("NEPA") is one of the three principal New England Holding Companies bearing the name of that section. Like most New England utility companies, its operating subsidiaries have very conservative capital structures. However, there are a number of holding companies superimposed, as follows:

	Oper. Subsid.	Misc. Co.	Indir. Subsid.
New England Power Assn.	11	4	1
Mass. P & L. Associates	2	--	--
No. Boston Ltg. Props.	9	--	1
Mass. Util. Associates	21	--	--
Rhode Island Pub. Service	1	3	2
Total	44	7	4

NEPA submitted a plan for merging all the holding companies in March, 1944, but no definite action by the SEC resulted until recently, when the Commission presented its tentative conclusions. The Commission held that the proposed new holding company (resulting from merger of all the companies listed above) would have an excessive senior capitalization. The company had proposed to issue $60,000,000 funded debt and $71,347,000 preferred stock, a total of $131,347,000 securities senior to the new common. The Commission suggested tentatively that funded debt be increased to $85,000,000 and the proposed issue of preferred stock be omitted. The Commission, in general, favors only two classes of securities for recapitalized holding companies. It is, however, willing to go somewhat further than a few years ago in allowing creation of funded debt. In the present instance, the subsidiaries' total funded debt is so conservative as to permit a substantial amount of holding company debt.

The pro forma balance sheet for the system shows total plant account and current assets of about $303,000,000, after allowing for depreciation reserves and write-offs. Using this figure as a base, the new capital structure would now be about as follows: Subsidiary funded debt 27%, subsidiary's preferred stocks 7%, minority interest 4%, holding company funded debt 28%, and common stock equity 34%. On this basis total system funded debt would be about 55% of invested capital (or 64% of net plant account alone).

In its original plan dated March 7, 1944, NEPA presented two pro forma income statements. One, based on an average of ten calendar years (1934-1943), resulted in consolidated earnings per share of new common stock of $1.05; the other, for an "estimated normal average post-war year", showed $1.15 per share. Both figures were based, of course, on lower Federal tax rates than are currently being paid. Both income accounts included interest on the new $60,000,000 parent company debt at 4% (as compared with present rates of 5% and 5½%). But in view of the substantial advance in the bond market since the plan was presented, it now appears likely that the new bonds could be issued as 3¼s (possibly even 3s). Adjusting the pro forma income accounts for 3¼% on $85,000,000 (instead of 4% on $60,000,000) and deducting 40% of the increased interest as a tax saving, the net reduction in earnings is only $216,000. With this small adjustment, earnings for the common stock would work out at nearly $11,000,000 for the estimated post-war year, or about $1.64 on the revised number of shares (6,695,075 shares of $20 par).

The new plan, submitted to the SEC June 21, would allocate 5.4 shares of NEPA 6% preferred, 1.8 shares to the $2 preferred, and 65/100ths of 1 share to the common stock (also various amounts to sub-holding company stockholders). Assuming that the new stock could be appraised at 12 times estimated post-war earnings, or about 20, this would work out as follows for the NEPA stocks:

	Est. Potential Post-War Value	Approx. Present Price
6% Preferred	108	77½
$2 Preferred	36	24½ Bid
Common	13	9½

NEPA stocks have been strong recently, apparently in the belief that the present plan will satisfy previous objections by some of the security holders of sub-holding companies, and will be ratified by the SEC and a District Court.

Herzer Bond Mgr. for F. S. Moseley in N. Y.

F. S. Moseley & Co. announces that Karl Pierce Herzer, who has been with the firm since 1932, has been appointed Manager of the Bond Department in the New York office, 14 Wall Street.

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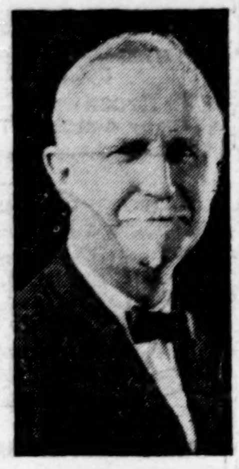
What About Taxes?

Roger W. Babson Is Not Hopeful

WASHINGTON, D. C.—The past week I have been trying to make an intelligent forecast of the prospects for reduced Federal taxes after Japan collapses, which should be within six months. This is a summary of my conclusions.

Excess Profits Taxes


Roger W. Babson

The average investor little realizes what tremendous sums corporations are penalized by excess profits taxes. In many cases these taxes amount to more than investors receive in dividends; in fact, some times double or perhaps triple. If these were suddenly eliminated, after Japan collapses, some companies could double or triple their dividends. Yet in all probability this will not happen, especially if company earnings fall off materially.

I am sure that the excess profits taxes will not be cut off altogether and corporations will be lucky if they are cut in half within a year after Japan collapses. My present belief is that these excess profits taxes will gradually be reduced as the earnings of companies gradually decline during the post-war period. The general purpose of such a tax program would be to keep corporation net earnings about where they are today without giving them the advantage of peace, but preventing them from being penalized by the falling off of war business.

Normal Taxes

Normal corporation taxes before the War were 20%. Then they were jacked up to 40% at which they are at present. My feeling is that there will be a compromise at 30% and perhaps stabilization at this figure for some time. This would be a fair thing to do if the excess profits taxes are eliminated. These excess profits taxes

(Continued on page 2865)

OPA—To Be or Not To Be?

FRANK S. MAGILL

President, Penn Hall Junior College

Prominent Educator and Publicist Calls Attention to the "Confusion Worse Confounded" in the Numerous Over-Lapping Government War Agencies and Predicts That Notwithstanding the Senate's Passage of the OPA Continuance Bill, the Price Control Organization Will Undergo Drastic Changes. Says Group of Theorists, Clinging Tenaciously to Ideas of Regimentation, Are Responsible for Difficulties, and Are Aiding Rather Than Hindering Inflation. Recommends Liquidation of OPA and a Substitution of an Over-All Committee of Business Men to Formulate Plans for All Phases of Reconversion.

Frank S. Magill

V-E Day has come and gone. International conflict in Europe has ceased. One devilish, bestial enemy of all that is decent, honorable and just has been conquered and all but destroyed. A second enemy of like character and greater cunning has, ere this we believe, envisioned the same fate rapidly approaching. A torn and broken world has suffered its first long period of "Sweat, blood and tears" and hails the victory of righteousness and truth over all that is low and degrading, but it carries on in an endeavor to establish lasting peace among all nations of the world.

To do this would be a glorious achievement; indeed little less than miraculous though the accomplishments of the San Francisco Conference are quite encouraging and give evidence of a

(Continued on page 2865)

National City Appoints Forward and Shaw

DeWitt A. Forward was appointed a Senior Vice-President and Leo N. Shaw, Vice-President, was given the additional title of Deputy Manager Overseas Division, at the regular meeting of the Board of Directors of the National City Bank of New York, on June 26.

DeWitt A. Forward

Leo N. Shaw

Tomorrow's Markets Walter Whyte Says—

Industrials indicate break-out into new high ground. Expect steel group to lead advance. Recommend maintenance of all positions recently acquired.

The reactionary influences which were present during the past few weeks are slowly but surely being dissipated, or absorbed. As a unit, however, the market still is acting kind of sleeply. The rails are about the only averages showing any sign of get-up-and-go about them. Yet as I stated last week, this rail action may well point to what may be the group's last gasp before it settles back into a major decline.

* * *

But before you start looking for cover, allow me to qualify the last sentence by adding that no immediate rail reaction is indicated. It is more a general feeling that leads to this opinion than anything specific. Still, while the rails are beginning to show all the classic indications of a top in the making, the industrials keep stirring around as if they intend to get through the 170 Dow level and emulate the rails by penetrating into new high ground.

* * *

On a day to day picture there is little of significance among the industrial averages. But if you take a week or ten market days and examine them closely you will begin to see what I'm driving at. For it is over a period of days that the industrials show a zone of resistance and an action which in turn keeps nibbling at the stock overhead. Occasionally it is possible to say when such a process will be completed. More often it is a case of hunch based on years of experience that gives the clue. Individual stocks, however, give a much clearer picture of the trend. And as individuals dominate the averages it is reasonable to assume that the industrials

(Continued on page 2851)

Tomorrow's Markets Walter Whyte Says—

(Continued from page 2850)

as a whole are headed for higher levels.

* * *

First and foremost is the action of the steels. This column has long maintained that no move worth talking about can really get anywhere so long as the steels remain stand-offish.

* * *

In the past few weeks, even though this column has preached caution, it has continued to keep a long position in two steels, U. S. Steel and Jones & Laughlin. How worthwhile this position was —and is—the market itself can answer. Last week, the action of the group, gave a clue to the rest of the industrials and this column made a complete reversal. It recommended the purchase of additional stocks at levels which were practically at the market. Up to this writing almost every one of the stocks recommended already shows a high profit. How far they can go before they will indicate a top is something for the future to determine.

* * *

In case you didn't see last week's column, here are the stocks and the prices at which they were advised:

American Foreign Power 2nd Pfd. came in at 27¾. Stop is 26.

A. M. Byers was bought at 19. Hold stop at 16½.

Flinkote came in at 29½. Stop remains at 28.

Western Union was acquired at 48¾ keep stop at 47.

White Motors bought at 31; stop at 28½.

You still hold two old stocks, both being comfortably in the black. These are Jones & Laughlin at 30 (now 38). Raise stop at 34½. U. S. Steel came into our list at 56 (it's now about 70). Stop remains at 65. Last week I advised selling U. S. Rubber. From present action this advice was premature. But there is little than can be done about it now. You bought Rubber at 56. You got out close to 60. So you still showed a gross profit of close to 4 points.

* * *

From present and immediately recent action the conclusion now is that the industrials, led by the steels, will go through to new highs. This failure to decline is typical of a market geared to inflation. During such stages of economic cycles, reactionary influences are absorbed by dullness. And as soon as enough backing and filling is accomplished stocks again assume the dominant trend.

By WALTER WHYTE

* * *

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

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Dealer-Broker Investment Recommendations and Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Canadian Common Stocks—A pamphlet briefly describing 100 Canadian industrial and public utility companies—Dominion Securities Corp., 40 Exchange Place, New York 5, N. Y.

Investing for Appreciation—A folder of suggestions—John H. Lewis & Co., 14 Wall Street, New York 5, N. Y.

Market Comment—Memo on position of industrial stocks—Bennett & Palmer, 165 Broadway, New York 6, N. Y.

Petroleum Industry, with particular reference to Sinclair Oil Corp. — Brochure — H. Hentz & Co., 60 Beaver Street, New York 4, N. Y.

Also available are a circular on the prospects of **United States Lines Co.**, a leaflet of **Research Comment**, and the **Fortnightly Investment Letter.**

Successful Investment Planning —A 10-year record of high-yield bonds with appreciation possibilities—Security Adjustment Corp., 16 Court Street, Brooklyn 2, N. Y.

What Hopes for Railroad Security Holders?—Reprint of talk by Arthur C. Knies, available to banks and dealers—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

Also available **Monthly Comment on Transportation Statistics.**

Alabama Great Southern RR.—Descriptive circular—Adams & Peck, 63 Wall Street, New York 5, New York.

Amalgamated Sugar—Late analysis—Edward L. Burton & Co., 160 South Main Street, Salt Lake City 1, Utah.

Also available is a current study of **Utah-Idaho Sugar.**

American Alliance Insurance Co. — Statistical memorandum — Mackubin, Legg & Co., 22 Light Street, Baltimore 3, Md.

Also available are memoranda on **American Equitable Assurance Co., Automobile Insurance Co., Baltimore American Insurance Co., City of New York Insurance Co., Georgia Home Insurance Co., Hartford Steam Boiler Inspection & Insurance Co., Northeastern Insurance Co., Preferred Accident Insurance Co., Seaboard Fire & Marine Insurance Co.**

Ampco Metal, Inc.—Discussion of the common stock which offers attractive yield and participation in a growth industry, according to **White & Co.**, Mississippi Valley Trust Building.

Ampco Metals, Inc. — Current bulletin—**Sills, Minton & Co., Inc.**, 209 South La Salle Street, Chicago 4, Ill.

Also available is a report on **Maryland Casualty Co.**

Bird & Son—Descriptive memorandum—Buckley Brothers, 1529 Walnut Street, Philadelphia 2, Pennsylvania.

Also available are memoranda on **Gruen Watch** and **United Printers.**

Boston Terminal 3½s of 1947—Analytical report describing reorganization status and proposed plan—**Greene & Co., 37 Wall Street, New York 5, N. Y.**

Boston Wharf Co.—Descriptive circular—**du Pont, Homsey Co., Shawmut Bank Building, Boston** 9, Mass.

Chicago, Milwaukee, St. Paul & Pacific Railroad—Complete arbitrage proposition—**Sutro Bros. & Co.,** 120 Broadway, New York 5, N. Y.

Chicago, Rock Island & Pacific Railway Co.—Discussion of possibilities for both investment and speculative accounts; letter available to banks and dealers—Vilas & Hickey, 49 Wall Street, New York 5, N. Y.

Consolidated Cement Corp. Class A—Bulletin on recent developments—**Lerner & Co.,** 10 Post Office Square, Boston 9, Mass.

Also available are circulars on **Central Iron & Steel, Kingan & Co.** and **Riverside Cement.**

Consolidated Edison Co. of New York—Analytical study—**Kidder, Peabody & Co.,** 17 Wall Street, New York 5, N. Y.

The Cross Company—Analysis of condition and post-war prospects—F. H. Koller & Co., Inc.,

(Continued on page 2852)

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Full Charges Paid in 1944 On Half Of Foreign Dollar Bonds: Madden

Director of International Institute of Finance Reports That There Has Been a Slight Improvement Since 1943. Says 22 Countries Still Having Dollar Bonds in U. S., Many of Which Are Not Paying Full Interest, Are Repurchasing and "Repatriating" Issues.

In 1944 debt service has been paid in full on $2,568,403,418 or on 50.17% of the total of $5,119,280,211 of publicly offered foreign dollar bonds outstanding on Dec. 31, 1944, according to a bulletin entitled "Statistical Analysis of Publicly Offered Foreign Dollar Bonds" issued by Dean John T. Madden, Director of the Institute of International Finance of New York University.

Dean J. T. Madden

The increase in proportion of bonds serviced in full from 48.58% in 1943 was due to the resumption of service on bonds assented to the Brazilian permanent adjustment plan and to the offer of the Mexican Government

(Continued on page 2854)

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Paul J. Herold, formerly manager of the Boston office of Albert Frank & Co., and later engaged in the investment security business, has become associated with Albert Frank-Guenther Law, Inc., in New York as manager of the agency's new business department.

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Committee Plan of Chanin Building Reorganization Proposes Elimination of 2nd and 3rd Mortgage Bonds

The initial hearing on the Owners' Plan of Reorganization of the Chanin Building took place on Monday of this week before Mr. Justice Botein in the Suprme Court, New York County, N. Y.

Wagner, Quillinan, Wagner & Tennant and Abraham N. Geller, attorneys for the Chanin Building First Lasehold Mortgage Bondholders' Committee (James A. Beha, Sidney A. Shaskan, Thomas F. Corrigan, Robert L. Jones and Joshua Morrison) representing approximately $1,250,000 first mortgage leasehold bonds, submitted on behalf of the Committee objections to the Owners' Plan on the ground that the same was not fair, feasible and for the best interests of the first mortgage bondholders, and submitted its own Committee Plan.

The Committee stated that on the basis of facts and opinions of value of the leasehold property thus far available, it was presently of the opinion that there is no equity in the property for any interests which are junior or subordinate to the first leasehold mortgage bonds. Accordingly, the Committee Plan makes no provision for the further participation of the second mortgage bonds, the third mortgage bonds, or the stock of the leasehold owner corporation.

The Committee Plan provides for the foreclosure of the present first mortgage, to cut off all interests junior to the first mortgage, and for the acquisition of title to the leasehold by a new company whose securities are to be issued only to the holders of the present first leasehold bonds.

The Committee Plan emphasizes the need for a sinking fund to acquire and retire new bonds in order to further reduce the debt structure and to offset the depreciation and obsolescence of the building. All of the income of the leasehold property, after payment of 5% cumulative interest on the new bonds, is to be applied through sinking fund for the acquisition and retirement of new bonds until the bond issue is reduced to $3,000,000 or less, after which the new company will be authorized to use half of any net income remaining after payment of interest, for its general corporate purposes, including the payment of dividends on its stock. The Plan provides for continued court supervision to the extent permitted by law.

First mortgage leasehold bonds were also represented in court by Maurice B. and Daniel W. Blumenthal, representing the Forshay Committee, and Scribner and Millner, representing the Buckingham Committee.

Second mortgage leasehold bonds were represented by Tachna, Pinkussohn and Bauman.

Third mortgage leasehold bonds were represented by Tucker and Shea.

These attorneys will probably present their Committee's Plans of Reorganization before a Referee, who will no doubt be designated by the court to take testimoney on the various Plans of Reorganization.

The owners' Plan of Reorganization, dated May 21st of this year, was outlined in this column on June 7th.

Dealer-Broker Investment Recommendations and Literature

(Continued from page 2851)

111 Broadway, New York 6, N. Y.

Also available a memorandum on **San Carlos Milling Co., Ltd.**, including a reprint of an article on prospects for those desiring an interesting speculative situation.

Elk Horn Coal Corporation and **Lawrence Portland Cement Co.**—Report on attractive possibilities for price appreciation in these two industrials—Morris Cohon & Co., 42 Broadway, New York 4, N. Y.

Florida, A Progressing State—Discussion of economic development and outlook—B. J. Van Ingen & Co., Inc., 57 William Street, New York 5, N. Y.

Fort Dodge, Des Moines & Southern Railway Company—One-page analysis—Comstock & Co., 231 South La Salle Street, Chicago 4, Ill.

Foundation Co.—Descriptive circular—J. F. Reilly & Co., 111 Broadway, New York 6, N. Y.

Also available are circulars on **Howell Electric** and **Punta Alegre Sugar.**

Garrett Corporation—Brochure and statistical information, available to dealers—**Fred W. Fairman & Co.,** 208 South La Salle Street, Chicago 4, Ill.

General Industries Co.—Recent report — **Mercier, McDowell & Dolphyn,** Buhl Building, Detroit 26, Mich.

Also available a report on **National Stamping Co.**

Guaranty Trust Co.—Bulletin—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Kingan Company — Descriptive circular—**C. E. de Willers & Co.,** 120 Broadway, New York 5, N. Y.

Also available is a memorandum on **Macfadden Pub. Inc.** and **Sterling Engine.**

Laclede - Christy Company — Memorandum available — **Herzog & Co.,** 170 Broadway, New York 7, N. Y.

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Lea Fabrics—Discussion of interesting post-war situation — **Dunne & Co.,** 25 Broad Street, New York 4, N. Y.

Lipe Rollway Corporation—Circular—**Herrick, Waddell & Co., Inc.,** 55 Liberty Street, New York 5, N. Y.

Magnavox Company—Brochure and statistical information, available to dealers—**Fred W. Fairman & Co.,** 208 South La Salle Street, Chicago 4, Ill.

P. R. Mallory & Co., Inc.—Analytical discussion — **Steiner, Rouse & Co., 25 Broad Street New York 4, N. Y.**

Mexican Water Treaty, Imperial Irrigation District, and **The Metropolitan Water District of Southern California** — Analytical brochure—Kaiser & Co., Russ Building, San Francisco 4, Calif., and 20 Pine Street, New York 5, N. Y.

Michigan Chemical Corporation — Report on interesting growth possibilities and post-war outlook —Kneeland & Co., 141 West Jackson Boulevard, Chicago 4, Ill.

Also available is a report on **American Window Glass Co.**

Midland Realization and **Midland Utilities Common**—Memorandum—Doyle, O'Connor & Co., Inc., 135 South La Salle Street, Chicago 3, Ill.

Mohawk Liqueur Corp.—Study on the earnings effect of the introduction of the new 100 proof Mohawk's Pride—Adams & Co., 231 South La Salle Street, Chicago 4, Ill.

National Radiator Co.—Analysis, for dealers only—**C. E. Unterberg & Co.,** 61 Broadway, New York 6, N. Y.

New England Public Service Co.—Analysis—Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

New York Curb Exchange Common Stocks With Long Dividend Records—Tabulated list—**Herbert E. Stern & Co.,** 30 Pine Street, New York 5, N. Y.

Pittsburgh Railways — Current study—**First Colony Corporation**, 70 Pine Street, New York 5, N. Y.

Public National Bank & Trust Company—Analysis and current notes—**C. E. Unterberg & Co.,** 61 Broadway, New York 6, N. Y.

Pfaudler Co. — Recent analysis discussing outlook for the company which manufactures glass lined and stainless steel tanks and equipment — **Caswell & Co.,** 120 South La Salle Street, Chicago 3 Ill.

Also an analysis of **Mississippi Glass Co.**

Purolator Products, Inc.—Study of outlook and possibilities — Ward & Co., 120 Broadway, New York 5, N. Y. Also available are late memoranda on:

Great American Industries; Electrolux; Brockway Motors; Scovill Mfg.; Alabama Mills, Inc.; American Hardware; Douglas Shoe; Southeastern Corp.; Detroit Harvester; Bowser, Inc.; Mohawk Rubber Co.; TACA Airways; American Window Glass.

Radio Corp. of America—Memorandum on estimated earnings and post-war outlook—Eisele & King, Libaire, Stout & Co., 50 Broadway, New York 4, N. Y.

Schenley Distillers Corporation —Brochure of articles they have been running in the Chronicle—write to Mark Merit, in care of **Schenley Distillers Corporation,** 350 Fifth Avenue, New York 1, N. Y.

E. H. Scott Radio Laboratories, Inc.—Letter on post-war distribution plans—Brailsford & Co., 208 South La Salle Street, Chicago 4, Illinois.

Also a comprehensive Trustees' Report on **Chicago North Shore & Milwaukee RR.**

Seaboard Railway Company—Complete arbitrage proposition on request—**Sutro Bros. & Co.,** 120 Broadway, New York 5, N. Y.

Sierra Pacific Power Co.—Report on attractiveness of common stock for potential post-war earnings—Walston, Hoffman & Goodwin, 265 Montgomery Street, San Francisco 4, Calif.

Also available is a memorandum on the **Arundel Corp.**

Sport Products, Inc.—Analytical memorandum discussing intetresting post-war outlook—Cruttenden & Co., 209 South La Salle Street, Chicago 4, Ill.

Thermatomic Carbon Co.—Circular on interesting possibilities—Hoit, Rose & Troster, 74 Trinity Place, New York 6, N. Y.

Also available is a memorandum on **American Bantam Car** and a new analysis of **Panama Coca-Cola.**

Wellman Engineering Co.—Descriptive circular — Simons, Linburn & Co., 25 Broad Street, New York 4, N. Y.

Also available is a circular on **Fashion Park, Inc.**

Winters & Crampton Corporation—Memo on current situation —First Colony Corporation, 70 Pine Street, New York 5, N. Y.

Denies FEPC Vote

The House Rules Committee, by a 6-6 vote, denied a place on the House calendar for legislation to make permanent a Federal Fair Employment Practice Committee, according to an Associated Press report from Washington, June 13, which added that in spite of this President Truman has again expressed the hope that the measure will receive a chance to be voted on.

The President wrote the committee's chairman, Representative Sabath (D.-Ill.) asking a vote on the question in the House "as quickly as possible."

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Would Have Price Controls Relaxed Gradually

Guaranty Trust Company's Bulletin Analyzes Arguments for and Against Post-War Continuation of Price Controls and, Though Stating That Abandonment of Wartime Restrictions as Soon as Feasible Is Much To Be Desired, Holds That an Abrupt and Premature Termination of Price Controls Would Be a Serious Mistake. Contends Transition Stabilization Policy Should Not Be a "Two-Edge Weapon" and Seek to Channel Flow of Income in Controlling Prices.

"Debate in Congress and discussion outside in connection with the question of extending emergency price control beyond its expiration date of June 30," states the June issue of the "Guaranty Survey," published by the Guaranty Trust Company of New York, "has brought out a divergence of opinion as a result of experience since the inauguration of the program. There seems to be general recognition of the advantages of a stable price structure, and the relative price stability that has been maintained during the present war presents a striking contrast with the broad fluctuations that took place during and after World War I."

"This stability," it is further stated, "has been achieved in spite of the much greater degree of industrial and financial mobilization and the correspondingly stronger price pressures that World War II has entailed. The greater stability during the present war, however, has been purchased at a considerable cost in subsidies, shortages, and illegal business practices. The most difficult question presented has been that of the desirability of modifying the law in the interest of larger production, more equitable distribution, and quicker reconversion.

"Complete abandonment of direct price control has been advocated in some quarters, but the proposal has had comparatively little support. The evils of broad price fluctuations are too well known—the injustice to wage-earners; the disrupting effects on industrial relations; the hardships to those dependent on fixed incomes from bonds, savings-bank deposits, life-insurance policies and the like; the incentive to speculation as opposed to constructive enterprise; the violent swings between boom and depression in production and employment. Although some changes intended to strengthen weak points in the program have been urged, there seems to have been fairly general agreement that the principle of control should not be sacrificed.

Stabilization and Production

"Whether administration of price controls should be guided by the policy of rigid stabilization followed in the last two years or whether greater flexibility should be allowed in the interests of maximum production and employment has been a widely discussed question. It has been pointed out that price and rationing regulations have interfered with the production and distribution of food and other products, have been instrumental in making some staple foods virtually unobtainable in numerous sections of the country, and have given rise to black-market operations on a scale that has had no counterpart since the days of prohibition.

"Price control officials have been confronted again and again with the difficulty of reconciling the admittedly desirable objective of stabilization with the need for maximum production and equitable distribution."

Profit Margins Vital

The "Survey" next takes up the problem of profit margins in the transition pricing policy. "Criticism has been directed," states the article, "at the broad program announced by the Office of Price Administration for the pricing of the civilian goods that will begin to flow from reconverted industries in coming months. The general aim of official policy has been to allow peacetime products to return to the market at 1942 retail price levels and to promote the output of a record volume of goods of high quality at low prices and high wages—that is, at narrow profit margins.

"The nature of the program is indicated by the pricing method outlined by OPA for the highly important group of articles that have not been produced during the war or have been shut off from civilian markets by war controls. Costs of such articles in the last period of normal production, 1941 in most cases, will be adjusted upward to allow for lawful increases in unit labor costs and prices of raw materials and parts. To the 1941 costs, thus adjusted, there will be added not the 1941 profit margin but the 'more nearly representative peacetime margin' for the period 1936-39. The resulting price, if higher than the existing ceiling price (in most cases the 1942 price), may be taken as the legal ceiling price. These cost and profit figures are not to be separately computed for each manufacturer but are to be industry-wide averages.

"The program has been criticized in some industrial circles on the ground that any attempt to establish prices for peacetime goods by the use of industry-wide averages will result in gross inequities and may seriously threaten smooth reconversion, and that the general policy of requiring industry to absorb the major share of increases in unit labor costs assumes a higher level of labor productivity that is not likely to exist during the reconversion and early post-war periods.

"There have been signs of a tendency in official quarters to convert the stabilization mechanism into an instrument for channeling the flow of income with a view to stimulating consumer demand. The heads of the stabilization agencies recommend price policies 'which encourage mass buying through the narrowing of margins over production costs,' together with wage policies 'geared to the maintenance of mass markets.' The Director of Economic Stabilization is reported as envisaging a rise of 30 to 40% in wages while prices are maintained at present levels. In line with this view, he suggests that the Fair Labor Standards Act be amended to provide for a general minimum wage rate of 50 cents an hour instead of the present 40-cent rate, with special minimum rates ranging up to 65 cents an hour for some industries.

"Such policies are two-edged weapons. Instead of stimulating mass purchasing power, they can easily reduce profit margins to such an extent as to deaden the incentive to enterprise and produce industrial stagnation and mass unemployment. If the stabilization program is to remain in effect during the transition period, it should be used exclusively for stabilization purposes and should be abandoned as soon as the emergency need for it disappears.

Relative Stability Maintained

"The measure of success that the Government has achieved in its endeavors to maintain price stability is demonstrated by a comparison of price movements in this war and the last. During World War I, between July, 1914, the month hostilities began, and November, 1918, the month of the armistice, the wholesale price index of the Bureau of Labor Statistics more than doubled. Thus far during the present war (which has already continued several months longer than World War I) the advance, as measured by the official index, has amounted to only 41%. By instituting price control early in the present war and adhering to price stabilization as a major objective, the nation has shown its ability to learn from the mistake made during and after the first World War, when prices in general were left uncontrolled.

"The wholesale price index has shown little variation during the last two years. The year of most rapid advance was 1941, before the United States entered the war. The rise continued at a reduced rate in 1942 and the early months of 1943, and in the last two years almost complete stability has been achieved. The index number for June 16, 1945, is only 1.9 percentage points above that for May, 1943.

"One of the most significant features of the price advance resulting from the first World War was that it did not stop with the end of the war. The armistice was followed by a rather sharp downward movement in the first two months of 1919, but then the recession gave way to a renewed advance that was not halted until May, 1920, when the wholesale price index reached a peak nearly 23% above the level at the time of the armistice and more than 148% above the pre-war figure. Then followed a violent price collapse that continued without interruption until the middle of 1921, reducing the wholesale price level by more than 44% in 13 months.

Rise in Farm Prices

"The much greater stability maintained during this war than during the last has been due primarily to more effective control over prices of non-agricultural commodities. The price level for farm products has risen nearly 115% since the war began, as against an advance of 111% during the last war, up to the time of the armistice, and an aggregate increase of 138% by the time the post-war peak was attained in January, 1920. A similar comparison for prices of all commodities other than farm products and foods shows a rise of only 24% thus far during the present war, as compared with an increase of nearly 98% between July, 1914, and November, 1918, and a total advance of 165% by August, 1920. While prices of farm products have risen slightly more than they did during the last war, prices of commodities other than farm products and foods have increased only one-fourth as much.

Factors in Judging Stability

"It must be recognized that comparisons based on the official price indexes are still subject to certain qualifications. These measures take little account of deterioration of quality, which has admittedly occurred in many instances. They make no allowance for black markets. They do not include such important price items as wages, prices of personal service, real estate values, and premium prices paid to high-cost producers of some commodities, such as copper. And they do not include subsidy payments to numerous groups of producers, which are equivalent in some respects to premium price payments. The use of subsidies has been an especially important factor in the stabilization of prices of farm products in the last two years.

"Regardless of the relative influence of price and rationing regulations and less direct forms of control over consumer demand, comparative price stability has been achieved in the face of potential price pressures vastly greater than those which existed during the last war. The cost of the present conflict has been many times that of World War I and, notwithstanding the greater productive capacity of the nation, war needs have taken a much higher proportion of the national output. There has been a large and constantly increasing gap between consumer income, even after taxes, and the supply of goods and services for civilian use. Available purchasing power in the form of money in circulation and of demand deposits in banks has increased several times as much as it did during the first World War.

Unsettling Post-War Influences

"Upward pressures on prices will not vanish immediately and automatically with cessation of actual hostilities or with proclamations of victory. Both general considerations and experience after the last war tend to support the contention of the principal stabilization agencies that an abrupt and premature termination of price controls would be a serious mistake. The abandonment of wartime restrictions as soon as feasible is, of course, much to be desired. To accomplish their purpose, however, it is desirable that restrictions be relaxed gradually with the disappearance of the abnormal conditions that originally made them necessary."

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NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number ninety-three of a series.*
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Joseph Martin to Be Partner in Gaines Co.

Joseph A. Martin, Jr., will acquire the New York Stock Exchange membership of George Carstens and on July 5th will become a partner in Gaines & Co., Exchange members, 1 Wall Street, New York City. Mr. Martin was formerly a partner and Manager of the Order Department of Goodbody & Co.

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Full Charges Paid in 1944 On Half Of Foreign Dollar Bonds: Madden

(Continued from page 2851)

under ther Nov. 5, 1942, agreement with the International Committee of Bankers on Mexico, respectively. The increase would have been greater were it not for the fact that amortization and redemption of fully serviced bonds exceeded the repurchases and cancellation of bonds in total or partial default.

Data on the status of all publicly offered foreign dollar bonds as of December 31, 1943 and 1944 are summarized in the following table:

	Dec. 31, 1943		Dec. 31, 1944	
		Per Cent		Per Cent
Debt service paid in full	$2,594,500,000	48.58	$2,568,400,000	50.17
In default as to interest	2,628,600,000	49.22	2,433,700,000	47.54
In default as to sinking fund or principal	117,600,000	2.20	117,200,000	2.29
Total	$5,340,700,000	100.00	$5,119,300,000	100.00

At the end of 1944 Europe and Latin America accounted for 84.4% of defaulted bonds. Of the total Latin American bonds in default, Mexico and Chile account for 35.9 and 17.7%, respectively, while German issues represent 57% of total European defaulted bonds. At the end of 1944 Latin America accounted for 36.5% of total defaulted bonds as against 41.3% on Dec. 31, 1943. Europe's percentage increased from 44.4% at the end of 1943 to 47.9% on December 31, 1944. The Far East accounted at the end of 1944 for 11.9% of total defaulted bonds.

The geographical distribution of foreign dollar bonds in default as to interest on December 31, 1944, is shown in the following table:

	Amount Outstanding	Amount in Default	Per Cent of Total Defaulted Bonds
Latin America	$1,461,700,000	$888,100,000	36.5
Europe	1,427,900,000	1,166,900,000	47.9
Far East	518,700,000	289,200,000	11.9
North America	1,711,000,000	89,500,000	3.7
Total	$5,119,300,000	$2,433,700,000	100.0

At the end of 1944, 81.7% of the European, 60.7% of the Latin American, 55.7% of the Far Eastern and 5.2% of the North American bonds outstanding were in default as to interest. An analysis of interest defaults by types of obligors shows that bonds of national governments account for 40.5%, corporate bonds for 40.2% states, provinces, and departments for 9.8, and municipalities for 9.5%.

The actual rate of interest return in 1944, based upon the amount of cash interest received for 1944 coupons on the nominal amount of publicly offered foreign dollar bonds outstanding at the end of the year, was 2.31% as compared with the contractual rate of 5.16%. In 1943, the amount of cash interest received constituted 2.22% as against the contractual rate of 5.17%.

For 1944, an actual rate of return of 1.52% was received on Latin American bonds as compared to a contractual rate of 5.05%, while for 1943 the rates were 1.23 and 5.41%, respectively. In 1944, Europe paid at the rate of 0.94% instead of 6.10% contractual rate. In the preceding year Europe paid 0.97% instead of 6.10%. The North American group of issues in both years paid almost the full contractual rate of interest. There was practically no change in interest payments of the Far Eastern issues. The amount received in cash in respect of 1944 coupons was 44.78% of the contractual amount due, as against 42.99% in 1943.

The contractual amount of interest due and the amount received for 1944 coupons of bonds outstanding on Dec. 31, 1944 are shown in the following table:

	Nominal Amount Outstanding	Contractual Amount of Interest Due	Per Cent of Average Contractual Rate of Interest Due	Actual Amount Received in Cash	Per Cent of Average Rate of Return
Latin America	$1,461,716,000	$73,882,000	5.05	$22,229,000	1.52
Europe	1,427,851,000	87,123,000	6.10	13,373,000	0.94
Far East	518,741,000	28,778,000	5.55	11,404,000	2.20
North America	1,710,972,000	74,299,000	4.34	71,261,000	4.16
Total	$5,119,280,000	$264,082,000	5.16	$118,267,000	2.31

In discussing repatriation of bonds the bulletin states: The Institute has obtained information on foreign dollar bonds repatriated or purchased by foreigners of issues of 22 countries out of a total of 38 countries still having dollar bonds outstanding in the United States. At the end of 1944 these 22 countries had outstanding $2,402,472,265 principal amount of dollar bonds, of which bonds with a face value of $714,152,035 or 29.73% of the outstanding amount were held abroad. Only $41,521,400 or 5.8% of the total repatriated amount represent bonds of countries that are paying interest on all issues in accordance with the loan contract.

Germany and Japan, which are in complete default of debt service, account for 61.36% of total principal amount of bonds repatriated. These two countries have repurchased 36.53% and 68.81%, respectively, of their dollar issues publicly offered in the United States. In contract, however, to the German repatriation, which was carried out mainly during the period the country was in partial or total default on interest and sinking-fund payments, the repatriation by Japan took place while service of the bonds was fully maintained.

Under the heading "Recent Developments" the bulletin presents information of importance to holders of foreign dollar bonds, including an analysis of the results of the Brazilian Government debt adjustment offer up to Dec. 31, 1944 and a review of the ten-year record of foreign debt service by the Chilean Autonomous Institute for the Amortization of the Public Debt.

As of Dec. 31, 1944, bonds representing 13.5% of the principal amount of dollar bonds outstanding on the day the Brazilian plan became effective have accepted Plan A, 42.32% have been exchanged into Plan B bonds, while 44.18% of the bonds have not elected either plan. These unassented (original) bonds outstanding in the face amount of $125,716,245 receive currently no interest or amortizatiton payments. Owing mainly to the reduction in principal in connection with the acceptance of Plan B and also to the operation of the sinking fund the total Brazilian dollar debt has been reduced from $284,560,645 (exclusive of the $1,980,000 of the State of Ceara bonds) to $238,176,325 at the end of 1944.

Including the current payment of $11.26 interest per thousand dollar bond—the smallest annual payment since January 1939—the Chilean Amortization Institute has paid $128.12 interest for the first ten years of operation of the external debt plan, or an average of 1.2812%. Holders accepting the plan during 1945 receive only the current payment of $11.26 and lose $116.86 of interest per $1,000 bond paid in the past nine years on bonds assented prior to January 12, 1940.

During the ten years the Institute purchased $102,770,500 principal amount of dollar bonds at the average price of $155.60 per thousand dollar bond.

Allen, Swift & Co. Formed in Chicago

CHICAGO, ILL. — Announcement is made of the formation of Allen, Swift & Co., Inc., dealers in investment securities, to succeed F. H. Armstrong & Co., Inc., 120 South La Salle Street.

Officers of the new firm are Alexander Allen, President; Duane Swift, Vice-President and Treasurer; Clarence E. Martin, Vice-President, and Charles H. Williams, Secretary.

Lindgren Joins Webber Co.

(Special to THE FINANCIAL CHRONICLE)

CHICAGO, ILL.—David William Lindgren has become associated with Webber-Simpson & Co., 208 South La Salle Street. Mr. Lindgren was formerly with E. H. Rollins & Sons, Inc., Link, Gorman & Co., Inc., and Webber, Darch & Co.

Nath. Fay in New Location

PORTLAND, MAINE—Effective July 2, 1945, Nathan C. Fay & Co. announce the removal of their offices to larger quarters at 208 Middle Street. Telephone number, 2-7463, and Teletype number, PO 185, remain unchanged.

Located in the Falmouth Hotel block, on the ground floor, our new quarters are well known in Maine financial circles, having once been the banking rooms of the United States Trust Company and later were occupied by the Portland investment banking firm of Beyer and Small.

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A Rather Speculative Stock Market

Over the past few weeks there have been witnessed rather active markets in speculative groups of railroad and industrial equities. So-called market leaders, to the contrary, have continued to move in sidewise fashion; i.e. Bethlehem Steel, Sears, Union Carbide, General Motors, Chrysler and so on through a rather long list of equities that hitherto have set the market's pattern.

However, we are rather of the opinion that both speculative and investment funds will one of these days be turning to this more substantial group of common stocks. For, by and large, signs seem to multiply that our conversion is to be well handled and a period of profitable and active business lies ahead.

Recent tax developments are constructive and we are highly pleased with the Senate reaction recently extending the Trade Agreements Act. And of monumental importance is the fact that when the Jap war has finally been won the American public will be in possession of accumulated purchasing power so vast that an active demand for consumer goods and housing seems almost inevitable.

Before very long, therefore, we believe that interest will shift from the speculative type of equities so active in recent weeks to the common stocks of more substantial companies with a good history of management and profitable operation.

RALPH E. SAMUEL & CO.

Merritt & LaMorte Is Formed in New York

The formation of a new brokerage firm, Merritt & LaMorte, members of the New York Stock Exchange with offices at 14 Wall Street, has been announced. General partners in the firm are Henry C. Merritt and Daniel LaMorte, who will be the floor member. Cynthia W. Smith will be a limited partner.

Mr. Merritt has had long experience in Wall Street, having recently been Vice-President of the Association of Stock Exchange Firms where, among other things, he has been active in establishing the Association's group life insurance plan for the benefit of employees of its members. He was formerly a member of the Stock Exchange firm of Graham & Co. and its predecessor firm, Smith, Graham & Rockwell. Prior to that he was associated with F. S. Moseley & Co. as manager of the New York office, after having spent a number of years with Dillon, Read & Co. in their bond department.

Mr. LaMorte started his business career in 1929 as an employee of the New York Stock Exchange and recently was a member of the Stock Exchange firm of William B. Potts, Jr., & Co.

Formation of Merritt & LaMorte was previously reported in the "Chronicle" of June 14.

Correction

F. V. Z. Didrichsen is continuing as manager of the stock trading department of C. E. de Willers & Company, 120 Broadway, New York City. It was reported in the "Financial Chronicle" of June 14 that Mr. Didrichsen would open his own investment business.

Geoffrey Mellor With W. C. Langley & Co.

W. C. Langley & Co., 115 Broadway, New York City, members of the New York Stock Exchange, announce that Geoffrey R. Mellor has become associated with them. Mr. Mellor is a director of the Missouri Kansas Pipe Line Co. Prior to his resignation in March, 1945, he was Executive Vice-President and Treasurer. He was formerly associated with Johnston & Ward, members of the Montreal Stock Exchange.

California-Pacific Securities Company

SAN FRANCISCO, CALIF.—Willard H. Livingstone has formed California-Pacific Securities Co. with offices at 206 Sansome Street, to engage in the investment business. Mr. Livingstone will be President and Treasurer of the new firm. Thelma C. Watson will be Secretary and Clara N. Livingstone, Vice-President. Mr. Livingstone was formerly President of the Bankamerica Company, with which Miss Watson was also associated.

On May 31 the "Chronicle" reported that Mr. Livingstone would form his own investment firm.

New York Stock Exchange To Close Saturdays During Summer; Other Exchanges

Emil Schram, President of the New York Stock Exchange, announced on June 21 that "the Board of Governors of the New York Stock Exchange, at its regular weekly meeting that day, voted to close the Exchange on Saturdays during July, August and up to Sept. 1."

Similar action was taken by the Board of Governors of the New York Curb on the following day.

According to the "Wall Street Journal," the following will also close on Saturdays during the Summer months:

"New York Security Dealers Association, Chicago Mercantile Exchange, Chicago Stock Exchange, Pittsburgh Stock Exchange, Baltimore Stock Exchange, Cleveland Stock Exchange, Cincinnati Stock Exchange, Detroit Stock Exchange, Boston Stock Exchange and the San Francisco and Los Angeles stock exchanges.

"The Montreal and Toronto securities exchanges have been closed Saturdays since March 24, when they went on a five-day week to allow staffs to catch up with their work during the Eighth Canadian Victory Loan Campaign. At the conclusion of the drive, Exchange officials decided to remain closed on Saturdays during the Summer months until further notice."

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Moreland & Co. Formed In Detroit, Mich.

DETROIT, MICH.—Moreland & Co. has been organized to a general investment securities business with offices at 1051 Penobscot Building. The new firm has acquired the securities business of Allman, Moreland & Co. of the same address. There will be no change of personnel except that R. V. Allman, who has been inactive for the past two and one-half years, will retire from the securities business.

Paul I. Moreland

Officers of the new firm are Paul I. Moreland, President and Treasurer; Edmund F. Kristensen, Vice-President and Secretary; B. D. Bogue, Vice-President.

Mr. Moreland, who was Executive Vice-President of Allman, Moreland & Co., entered the securities business in Detroit in 1929 with C. F. Childs & Co.; later he was manager of the bond department for Roney & Co. and was a partner in Lee & Co. prior to joining Allman, Moreland & Co. in 1938. He is a past-president and former instructor in investments of the Detroit Chapter of the American Institute of Banking. Chairman of the Educational Committee of the National Securities Traders Association, he is Vice-President of the Securities Traders Association of Detroit and Michigan. Mr. Moreland also serves as a director of L. A. Darling Company of Bronson, Michigan. He will continue his membership on the Detroit Stock Exchange where he is a member of the secondary distribution committee.

Mr. Kristensen entered the securities business in 1920 and has served as office manager and cashier for several well known Griswold Street investment firms prior to becoming an officer of Allman, Moreland & Co. in 1939.

Mr. Bogue is manager of the Lansing, Michigan, office, in the Olds Tower.

In addition to continuing the branch offices of the predecessor firm in Lansing and Battle Creek, Moreland & Co. are opening branches in Muskegon with Leon M. Kelhofer as manager and in Bay City under the direction of A. Vaughan Herrick. Mr. Kelhofer was formerly representative for Allman, Moreland & Co. in Muskegon; Mr. Herrick served as Bay City manager for Hulburd, Warren & Chandler for several years.

The new firm has arranged for private wire connections to Chicago, Toledo, Ceveland and New York and will act as Detroit correspondent for firms having membership on the New York Stock and Curb Exchanges.

Quarter Century for N. Y. Hanseatic Corp.

The New York Hanseatic Corporation, dealers in U. S. Government securities and other over-the-market type securities, celebrated the 25th anniversary of its founding on June 23, according to Walter Oppenheim, Vice-President and Treasurer.

The firm was incorporated in New York in 1920 and was headed by the late Carl Boschwitz. It moved to its present site at 120 Broadway in 1938 where recent expansions have enabled the organization to make country-wide contact with security houses and banking institutions.

Present officers include: Hubert E. Rogers, President; Walter Oppenheim, Vice-President and Treasurer; Erich O. Grunebaum and Kurt H. Grunebaum, Vice-Presidents; John F. Condon, Jr., Secretary, and Otto H. Steindecker and Maurice Hart, Assistant Vice-Presidents.

N. Y. Curb Elects Baker

Ralph C. Baker, of Amott, Baker & Co., Inc., New York City, was elected to associate membership in the New York Curb Exchange at the regular meeting of the Board of Governors.

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Lazard Freres to Admit Acheson as Partner

Lazard Freres & Co., 44 Wall Street, New York City, members of the New York Stock Exchange, will admit W. Glen Acheson to partnership on July 1st. Mr. Acheson in the past was a partner in F. S. Moseley & Co.

Announcements
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Ohio Brevities

Holders of 30,606 shares of $5 preferred stock of Hinde & Dauch Paper Co. accepted the company's offer to exchange their shares for the new $4 cumulative convertible preferred stock. This was more than 85% of the outstanding stock, the remaining shares totaling 5,294 having been redeemed at $105 plus accrued dividends last week.

Maynard H. Murch & Co. of Cleveland, and Glore, Forgan & Co. headed the underwriting group which included the Cleveland firms of Curtiss, House & Co., Fahey, Clark & Co., Hawley, Shepard & Co., Hayden, Miller & Co., Hornblower & Weeks, McDonald & Co. and Merrill-Turben & Co. and Collin, Norton & Co. of Toledo.

* * *

New stock of Leland Electric Co. of Dayton, O., has been suspended from trading on the Cleveland Stock Exchange.

The company's new recapitalization plan, in which the common stock was split-up, went into effect April 1 and the exchange was granted 60 days to trade in the issue. The company failed to make application with the Securities & Exchange Commission during that period, forcing suspension of trading in the issue on the exchange. It will now be traded over-the-counter. It also was listed on the Cincinnati Stock Exchange. It had been on the Cleveland bourse since October, 1929.

* * *

The Duke of Windsor was a Cleveland visitor for two days last week. The Duke, who was the guest of Robert R. Young, chairman of the board of Alleghany Corp. and the Chesapeake & Ohio Railway, told newspapermen that he was in Cleveland to study American methods of railroad operation and that he had no plans for the future. He was interviewed in Young's spacious offices in the Terminal Tower.

He said his wife, the former Wally Simpson, was in New York. He traveled in a private railroad car.

* * *

A relative of the late Thomas A. Edison, the inventor, has closed a banking career of 57 years with the Society for Savings Bank of Cleveland.

Richard T. Edison, a cousin of the famous American, has retired as treasurer of the bank where he went to work in 1888. He had been an officer since 1918. Mr. Edison has been in failing health for several months and has been at his desk only at intervals during the past year.

Ralph Linden Williams was promoted by trustees to Edison's post. He also has a long record in Cleveland banking, starting in 1908. He later became a vice-president in charge of the collateral loan department of Union Trust Co., joining Society in March, 1942. He has been assistant vice-president.

* * *

Arthur J. Kessler, Cleveland chapter president, attended the Boston conference of chapter presidents of the American Savings & Loan Institute at which plans were formed for an expanded educational program this year. Mr. Kessler is assistant secretary-treasurer of South Side Federal Savings & Loan Association.

* * *

Robert W. Purcell, general counsel of the Chesapeake & Ohio Railway and the Nickel Plate Railroad, has been elected a member of the board of directors of Central National Bank.

Mr. Purcell has been general counsel with the roads since last November, coming to Cleveland to join the railroads in 1938 from the law firm of White & Chase of New York. He graduated from Cornell University and Cornell Law School where he was editor of the Cornell Law Quarterly.

* * *

John W. Reavis of the Cleveland law firm of Jones, Day, Cockley & Reavis, has been elected a director of Industrial Rayon Corp., succeeding Grover Higgins of the same law firm, who resigned for a temporary government post overseas.

Mr. Reavis also is a member of the directorates of National City Bank of Cleveland, Jones & Laughlin Steel Corp., Waugh Equipment Co., Midland Steel Products Co., Weatherhead Co., and North American Coal Corp. and is secretary of the last three named concerns.

* * *

Two prominent members of the Cleveland investment banking fraternity attended the joint meeting of the board of governors and advisory council of the National Association of Securities Dealers, Inc. at Absecon, N. J., early this month.

They are Peter Ball, senior partner in the firm of Ball, Eurge & Kraus, and Edward E. Parsons Jr. of Wm. J. Mericka & Co. Mr. Parsons, a member of the advisory council, is chairman of District No. 10 of the association, embracing Ohio and the eastern part of Kentucky, while Mr. Ball is a member of the board of governors.

* * *

A banker from the nation's capital walked off with top honors in the national public speaking contest of the American Institute of Banking in Cleveland. The contest was a feature of a meeting of the executive council of the institute.

First prize of $500 in cash and war bonds went to Stephen O. Porter of Riggs National Bank of Washington.

Second prize winner was George A. Rogers of First National Bank of Boston. It was worth $300. Third prize of $200

(Continued on page 2866)

Mrs. J. Dore Co-Mgr. of Stranahan Branch

CLEVELAND, OHIO — Mrs. John J. Dore has been appointed co-manager of the new Cleveland office of Stranahan, Harris & Co., the only woman to hold such a post in the Cleveland financial district and one of the few in the nation. The firm specializes in state and municipal bonds.

Mrs. Dore and her brother-in-law, William H. Dore, jointly manage the office which has been moved to the Union Commerce Building from the Hippodrome Building where it had been located since opening in 1932. John J. Dore had been resident manager of the office for nearly 13 years at his death last April 12.

Mrs. Dore has had long experience in handling diversified investments, including six years with Central Illinois Co., investment affiliate of Central Trust Co. of Chicago. She lives in Pepper Pike Village.

William Dore, with Stranahan, Harris for nine years was the firm's Columbus, O., manager from 1941 until his new appointment. He graduated from Notre Dame University law college in 1930 and was made executive secretary of the Ohio Parole Board, later becoming an attorney with Home Owners Loan Corp.

C. H. Tobias Rejoins Westheimer & Co.

CINCINNATI, OHIO — Major Charles H. Tobias, partner in the New York Stock Exchange firm of Westheimer & Co., 326 Walnut Street, has been given his release from the Army after three years' service and has rejoined the firm.

Ohio Municipal Comment

By J. AUSTIN WHITE

A number of difficult problems have been posed for Ohio and its subdivisions by a decision of the Ohio Supreme Court rendered June 6, 1945 in the case of "Zangerle, Aud., et al., Appellants, v. City of Cleveland, Division of Municipal Transportation, Appellee", in which the court held that the real and personal property of the public transportation system owned and operated by the City of Cleveland is subject to taxation. The most difficult problem to answer, and the one which raises the possibility of gravest consequences, is the extent to which public property may be subjected to taxation as a result of this decision.

J. Austin White

Previously it had been assumed that publicly owned property in Ohio was exempt from taxes. Section 2 of Article XII of the Ohio Constitution states in part ". . . . general laws may be passed to exempt . . . public property used exclusively for any public purpose". Section 5351 of the Ohio General Code reads in part ". . . and public property used for a public purpose, shall be exempt from taxation".

The argument in this case centers around the question of what is meant by a "public purpose." The majority opinion of the court, written by Justice Bell of Cincinnati and with which Chief Justice Weygandt and Justices Turner, Matthias and Hart concurred states "It is generally recognized that the powers and functions of municipal corporations are divided into two classes: (1) Public or governmental, and (2) private or proprietary. . . It is equally well recognized that municipally owned property used in the performance of a governmental function is ordinarily relieved from taxation either by express constitutional or statutory provision, and that such property when used in carrying on a private or proprietary function for profit is usually required to contribute its proportionate share of the cost of government."

The majority opinion reads further: "In 37 Cyc., 877, the rule is stated thus: 'There is no implied exemption from taxation of property owned by a municipal corporation, but which is not devoted to public or governmental uses, but held by the municipality in its private or commercial capacity and as a source of profit or to serve some mere convenience of the citizens.' See, also 61 Corpus Juris, 420, and cases cited, and 3 A. L. R., 1439".

At this point, however, one might well note a portion of the dissenting minority opinion in the instant case, written by Justice Zimmerman and with which Justice Williams concurs, reading "In 51 American Jurisprudence, 554, Section 563, the following statement appears:

" 'While a number of the courts have taken the view that public utilities operated by a municipal corporation for compensation . . . are taxable, upon the theory that the implied exemption of publicly owned property extends only to property used for governmental, and not merely for public purposes, the majority rule is that property owned by a municipal corporation is exempt if it is devoted to public purposes, whether these purposes are governmental or primarily for the benefit of its own citizens, and accordingly, that municipally owned power and light plants, and waterworks, gasworks, transit systems, and other public utilities distributing commodities and services to the public for compensation which are for a public, although not for a governmental, use, are included within the meaning of statutes exempting the property of municipal subdivisions'."

There appears to be no question but that, in operating a street railway and bus system, the City of Cleveland is acting in a proprietary capacity, and not in a governmental capacity. The majority opinion of the court holds, contrary to the minority opinion, that the "general rule" is that public property used in the performance of a propritary function is not "public property used for a public purpose," and therefore, is not granted exemption from taxation.

How Extensively Will the Decision Be Applied

It is this reasoning of the court that raises the most difficult problems. As the court itself indicates, there are many examples of public property used in a proprietary function. If the "general rule," as stated by the majority of the court, is to be strictly applied in Ohio, then, one might well expect property to be held subject to taxation when used to furnish electricity, water, gas, sewage disposal, airport facilities and such of the more commonly known services performed by municipalities in a strictly proprietary capacity. But this is by no means the end of the long list of instances in which public property is used for a proprietary function.

One might fairly ask, under this "general rule," that taxes be levied upon publicly owned bridges (such as the Sandusky Bay Bridge), the Cincinnati Southern Railway, the property used by the State of Ohio in the operation of its liquor monopoly, the many proposed city and/or county airports, football stadiums owned by public institutions and perhaps even publicly owned recreational facilities such as swimming pools, golf courses, etc.

Nor is even this the end of the problems posed by this reasoning. One might even ask, if the Cleveland Transit System, and the myriad of other activities in which political bodies are engaged in a proprietary capacity, are to be denied exemption from state or local taxes upon their real or personal property, are these same activities to be denied exemption from Federal taxes, in-

(Continued on page 2864)

Ohio Municipal Price Index

Date—	*	†	‡	§
June 20, 1945	1.20%	1.39%	1.01%	.38%
June 13	1.21	1.39	1.02	.37
June 6	1.21	1.40	1.02	.38
May 31	1.22	1.40	1.03	.37
May 23	1.22	1.39	1.03	.36
May 16	1.19	1.35	1.02	.33
Apr. 18	1.19	1.34	1.03	.31
Mar. 14	1.27	1.43	1.11	.32
Feb. 14	1.30	1.47	1.14	.33
Jan. 17	1.33	1.49	1.17	.32
Dec. 13, 1944	1.34	1.51	1.18	.33
Nov. 15	1.36	1.53	1.19	.34
Oct. 18	1.35	1.53	1.18	.35
Sep. 13	1.32	1.50	1.14	.36
Aug. 16	1.31	1.49	1.13	.36
July 12	1.31	1.48	1.15	.33
June 14	1.31	1.46	1.16	.30
Jan. 1, 1944	1.41	1.58	1.23	.35
Jan. 1, 1943	1.83	2.01	1.65	.36
Jan. 1, 1942	1.92	2.13	1.70	.43
Jan. 1, 1941	1.88	2.14	1.62	.52
Jan. 1, 1940	2.30	2.58	2.01	.57
Jan. 1, 1939	2.78	3.33	2.24	1.09
Jan. 1, 1938	2.98	3.42	2.55	.87

*Composite index for 20 bonds. †10 lower grade bonds ‡10 higher grade bonds. §Spread between high grade and lower grade bonds.

Foregoing data compiled by J. A. White & Co., Cincinnati.

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Lee M. Limbert Pres. of Bond Club of N. Y.

Lee M. Limbert, of Blyth & Co., Inc., was elected President of the Bond Club of New York at its annual meeting. He succeeds Henry G. Riter, 3rd, of Riter & Co.

Lee M. Limbert

James Coggeshall, Jr., of The First Boston Corporation, was elected Vice-President of the club, filling the post held by Mr. Limbert during the past year. Other officers elected at today's meeting were Archie M. Richards, Estabrook & Co., Secretary, and Paul F. Hay, of W. C. Langley & Co., Treasurer. Other members elected to the Board of Governors to serve for three years were Wright Duryea, of Glore, Forgan & Co.; Frederick L. Moore, of Kidder, Peabody & Co., and Alfred Shriver, of Morgan Stanley & Co.

Governors whose terms carry over are: Frederic H. Brandi, of Dillon, Read & Co.; Henry C. Brunie, of Empire Trust Company; T. Jerrold Bryce, of Clark, Dodge & Co.; Adrian M. Massie, of The New York Trust Co.; Charles L. Morse, Jr., of Hemphill, Noyes & Co.; Henry G. Riter, 3rd, and Edward K. Van Horse, of Stone & Webster and Blodget, Inc.

Additional Prizes at N. Y. Dealers Outing

Owing to the lack of space in our last issue in the article referring to the outing of the New York Security Dealers Association held at the Pomonok Country Club on June 15, 1945, the following item was omitted: "In addition to the prizes donated by member firms of the Association the following merchants made these donations: Travellers Luggage Co., one large electric grill; Max Schlesinger, pipe and filled tobacco pouches."

With Harris, Upham & Co.

DENVER, COLO.—Richard D. Sparhawk has been added to the staff of Harris, Upham & Co., 740 Seventeenth Street.

Railroad Securities

Baltimore & Ohio

In recent weeks railroad stocks have provided the fireworks in the market. Numerous low priced securities have risen sharply, Western Maryland, for instance, reaching 14⅛ compared with a low price of 6 in May and Katy 16¾ as compared with a low of 7⅛ in May. The Dow Jones averages themselves which do not reflect the substantial appreciation in low priced securities, have risen in the same period from 55 to 62. Other low priced stocks which have enjoyed a substantial advance have been Baltimore & Ohio, Colorado & Southern, Chicago Great Western, Chicago & Eastern Illinois, etc.

There is no question but that the advance has been rapid and a policy of selectivity would seem to be a desirable one, especially as we may be on the eve of resumption of wage negotiations which may unsettle the market in part. To what extent substantial refundings and/or possible rate increases later in the year or early next year will offset any wage increase is difficult to predict. The negotiations themselves, however, may serve to dampen at least temporarily speculative enthusiasm in these low priced shares.

In most instances these advances have been justified on a speculative basis. In part they reflect the fundamental improvement in the railroad industry, particularly with respect to reduction both of debt and interest charges, together with operating savings from substantial capital improvemets. In part they also reflect greater investment confidence in the industry, especially the growing realization that gross and net revenues post-war are likely to be far more satisfactory than hitherto thought probable. Of the non-paying dividend group we believe B. & O., despite its rise from 6 a year ago to its present level of 27, still offers substantial possibilities for appreciation over the long term.

Admittedly B. & O. suffered from the vicissitudes of the depression. Its gross revenues declined from $245 million in 1929 to $125 million in 1932 and never exceeded the $200 million mark until the war period when in 1944 revenues reached a new all time peak at $387 million. Income available for fixed charges fluctuated to an even greater degree, reflecting the top-heavy capitalization of this road, declining from $56.7 million in 1929 to $27.0 million in 1932, averaging a little better than $30 million through the '30's until 1938, when because of the low activity of both the Steel and coal industries, earnings reached a nadir of $19.0 million. From this level they recovered to $76.5 million in 1942 and owing to high taxes have stabilized around the $50 million mark with earnings of $50 million more than likely in 1945.

B. & O. was unfortunate in that in 1930 it expanded an already topheavy debt structure by $100 million through purchasing control of Buffalo, Rochester & Pittsburgh and Buffalo & Susquehanna. The company was also plagued with recurring maturities which necessitated assistance from the Reconstruction Finance Corporation. B. & O. almost was forced to seek the refuge of the courts in 1939, when $50 million of 4% Notes fell due on Aug. 1 of that year, but fortunately for the road the Chandler Act was passed, under which a voluntary agreement was effected. Under this agreement a portion of interest charges was placed on a contingent interest basis and for several years was not disbursed. As earnings mounted during the war period these arrears were liquidated in their entirety and over $100 million of debt was retired by courageous managerial action in buying debt at a substantial discount.

At the present time, because of its 1948 maturity, B. & O. is again asking its securityholders to approve a plan of maturity extensions under McLaughlin Act provisions. Already the necessary percentage of deposits has been obtained and in all probability the plan will be declared effective before the year-end. Following the year-end most students of railroad finance expect refunding of all of the senior debt of this carrier, including the RFC loan. Interest savings from such a probable refunding may reach $3 million annually and thus reduce fixed and contingent interest from a current figure of $26.7 million to slightly less than $24 million. Additionally, part of the substantial working capital of this carrier may be used to purchase additional debt in the open market during 1946 to lower fixed and contingent charges to the $22 million level, which for all intents and purposes is a prerequisite prior to declaration of dividends on either the preferred or common, or both.

Post-war, it is our belief that gross revenues may reach $240 million as against an average of $160 million throughout the '30's and assuming that fixed and contingent interest will average $21 million or less, earnings on the common may well reach $6-$7 per share. Additionally, B. & O. has a substantial equity in the undistributed earnings of its subsidiaries and/or affiliates, including Reading, Western Maryland, Southwestern Construction Co., Buffalo, Rochester & Pittsburgh and Buffalo & Susquehanna. Such equity might reach $2-$3 per share on B. & O. common. For these reasons we believe that the common, even though its rise has been substantial, has not as yet exhausted its longer term possibilities.

Wilson-Trinkle Co. Formed in Louisville

(Special to THE FINANCIAL CHRONICLE)

LOUISVILLE, KY.—Wilson-Trinkle Co. has been formed with offices in the Louisville Trust Building, to engage in the investment business. Officers are Holman R. Wilson, President, and Walter Trinkle, Vice-President. Mr. Trinkle was formerly Vice-President and Trading Manager for Urban J. Alexander Co., with which Mr. Wilson was also associated.

Herman F. Monroe, previously with Dering & Co., Inc., is also associated with the new firm.

Earl M. Scanlan Adds

(Special to THE FINANCIAL CHRONICLE)

DENVER, COLO.—Lee H. Dierdorff has been added to the staff of Earl M. Scanlan & Co., Colorado National Bank Building.

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Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

In April 1942, New York City bank stocks, as measured by Standard & Poor's Index, hit an all-time low, the index registering 59.2, compared with the previous low of 60.3 in June 1932. Since the low of 1942 the bank stocks have doubled in price, as measured by the index, which has moved from 59.2 to 119.3 on June 20, 1945, an appreciation of 101.6%. This compares with an appreciation of 80.7% for the Dow Jones Industrial average.

Individual leading bank stocks have mixed as follows over the 38 month period:

	Market Price		
	Low April 1942	June 20 1945	Appreciation
Bank of Manhattan	13	30⅛	131.7%
Bank of New York	247	478	93.5
Bankers Trust	32⅛	*62½	94.6
Central Hanover	60⅛	121	101.2
Chase National	21⅛	46¼	118.9
Chemical	33	61⅝	86.7
Continental	10½	25⅝	144.0
Corn Exchange	26⅛	59	125.8
First National	1,005	1,865	85.6
Guaranty Trust	190½	367	92.7
Irving Trust	9⅝	18⅜	90.9
Manufacturers Trust	27¾	68⅜	146.4
National City	21	48	128.6
New York Trust	57	115	101.8
Public National	22¾	*52¼	129.7
United States Trust	1,020	1,570	53.9
Average			107.8%

*Adjusted for stock dividends.

Best performance is the 146.4% of Manufacturers Trust, and second best, the 144% of Continental. Bank of Manhattan is in third place, Public National fourth, National City, fifth, and Chase, sixth. United States Trust foots the list with an appreciation of 53.9%.

It is significant that the earnings asses of three out of the six market leaders expanded, from 12/31/41 to 12/31/44, by the following percentages: Manufacturers Trust, 133%; Continental, 146%, and Public National, 177.8%, as compared with an average expansion for the 16 banks of 87.5%. Earnings assets of the market laggards (relatively speaking) expanded as follows: U. S. Trust, 57.6%; First National, 54.4%; Chemical, 72.9%.

Seven of the sixteen stocks had a market appreciation higher than the average of 107.8%, viz: Bank of Manhattan, Chase, Continental, Corn, Manufacturers, National City and Public. The average appreciation of this group was 132.2%, and the average expansion of their earnings assets was 109.4%. The nine remaining stocks, whose market appreciation was below the average of 107.8%, had an average appreciation of 89.0%, while their average expansion of earning assets was only 70.8%. This fact indicates how important it is to study the trend of deposits and earning assets of the individual banks, for they furnish a clue to probable comparative market action, though not an infallible one. In this connection, it will be found helpful, at short intervals, to make comparative studies of the weekly Clearing House figures.

It will be noted that again, Continental, Corn, Manufacturers and Public are the leaders; on the other hand, Bank of Manhattan, Chase and National City each show a deposit increase below average but a market appreciation above average.

Despite these exceptions, it seems to be generally true that relative market appreciation is roughly proportional to relative deposit increase. Thus, the seven stocks whose market appreciation was above average had an average deposit increase of 87.6%, while the eight stocks (excluding U. S. Trust, which is not a member of the Clearing House) with below average market appreciation, had an average deposit increase of only 32.1%.

The table below of deposits of members of the New York Clearing House, as reported for June 14, 1945, compared with Dec. 31, 1941, is of interest.

	Dec. 23, 1941	June 14, 1945	% Increase
Bank of Manhattan	$681,321,000	$1,021,514,000	50.0%
Bank of New York	253,318,000	305,589,000	20.6
Bankers Trust	1,292,313,000	1,550,966,000	20.0
Central Hanover	1,212,821,000	1,689,598,000	39.3
Chase	3,215,015,000	4,524,738,000	40.7
Chemical	909,804,000	1,191,217,000	30.9
Continental	79,208,000	178,931,000	125.8
Corn Exchange	394,971,000	685,900,000	73.7
First National	787,864,000	890,915,000	30.8
Guaranty Trust	2,140,690,000	3,018,084,000	41.0
Irving Trust	747,665,000	1,024,526,000	37.0
Manufacturers Trust	897,299,000	1,924,608,000	114.5
National City	2,704,417,000	4,189,816,000	54.9
New York Trust	485,889,000	668,142,000	37.5
Public National	166,831,000	423,646,000	153.9
Average			53.0%

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Fallacies of Bretton Woods Proposals

(Continued from first page)

that. We must help Europe both with charity and with loans. We must not disguise charity in the form of loans which cannot be paid.

In making loans we must meet fully the great obligations of the lender to see to it that the loans are (a) adequate for the purpose: (b) not excessive; and (c) that they are properly employed for the purpose for which they are made.

Experience After Last War

Loans to stabilize exchange rates which are not accompanied by conditions that assure the stabilization of the weaker currencies, are wasteful and useless loans. Small loans made under proper conditions, designed to stabilize not exchange rates, but currencies, can really accomplish their purpose. We saw this in the period that followed the last war. We wasted $6½ billion between the Armistice in November, 1918, and September of 1920, first in stabilizing and then in supporting the exchange rates of Europe. Our own Government provided but $3 billion of this in direct loans to European governments. Private creditors put up another $3½ billion. Europe responded by buying from the United States great quantities of commodities, many of which she ought to have been producing herself and many of which she could not afford to consume. She bought finished manufactures instead of the raw materials and the industrial equipment she ought to have been buying. She bought a great many luxuries.

Meanwhile, continental Europe and belligerents did nothing toward straightening out internal finances. As long as the foreign exchange markets would make their currencies the finance ministers of the continental European belligerents took the easy way. They did not tax, they did not borrow from their own people, they met every demand for expenditure and they leaned on the central bank of issue for their money. While our dollars supported that money, this process could go on.

England, the one belligerent of Europe which was getting on her feet financially, balancing her budget, joined us in this. She interposed her financial strength between us and the weak continent. We gave her credits by taking sterling and by taking her dollar obligations and we sold her the francs and the lire and the drachmae which our exports created. We also sold her goods which she resold to the continent. Late in 1920 we and England both had had enough of this. We pulled up and the great crash of 1920-21 came.

Must Stabilize Currencies to Stabilize Exchanges

After this costly lesson of trying to stabilize exchanges without stabilizing currency we did very much more modest things successfully. In 1923, after the Austrian crown had dropped to 14,000 to 1 in terms of gold, under the auspices of the League of Nations, a stabilization loan of about $45 million (I have forgotten the exact amount) was made to Austria, placed in the investment markets of various countries, especially the United States. This was accompanied by conditions involving drastic reforms in Austria, curtailed Government expenditures, increased taxes, balanced budget and definite stabilization of the currency on a gold basis. It worked.

In 1924 we did the same thing for Hungary, sending Mr. Jeremiah Smith of Boston over to sit on the lid to countersign checks and to see to it that the funds were used for the purpose indicated. Mr. Smith represented the foreign creditors. My recollection is that the Hungarian loan was a little larger than the Austrian loan. It worked.

In 1924 we did the same thing for Germany under the Dawes Plan. This time the loan was $200 million, of which $100 million was provided by New York. This loan was accompanied by drastic conditions — increased taxes, curtailed expenses, a balanced budget and definite stabilization on gold, and foreign supervision of certain of the taxes, a foreign representative in the Reichsbank and a foreign commissioner sitting in Germany.

Those who wonder how we can ever bring continental Europe back to the gold standard may reflect upon this episode. The Dawes plan contained a provision that Germany should come back to the gold standard, but that it was probably inexpedient to do so immediately. This last clause was reluctantly consented to by the Americans on the Dawes Committee. The French and Italians had been sentimental about it. It was fair that Germany should have the gold standard when France and Italy could not have it. The British were not quite ready to come back to the gold standard, and their view was that Germany should go to the sterling standard and then England would take care both of sterling and Germany. But neither Washington nor New York was satisfied with this clause. Our $100,000,000 participation was necessary for the success of the plan.

It was quietly made clear that Germany should come immediately to the gold standard if the loan was to be placed in New York. Germany did so! The big creditor is in a position to make reasonable terms when he makes

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a loan. But he must make his terms then—not afterwards.

The effect of the restoration of sound currency in Germany was magical. They had been utterly demoralized by the deflation they had gone through. Business started up immediately. There was a strong boom and full employment. This was interrupted by a short-lived crisis in the winter of 1925-26, but full activity and full employment was speedily resumed which carried over into the international difficulties in 1929.

We did the same thing with Poland with about $72,000,000, sending the Honorable Charles S. Dewey over to act as representative of the creditors and to countersign checks. This worked.

Small Loans Will Do the Job

Small sums, properly used, lent country by country, will do the job. A few hundreds of millions properly used will stabilize the currencies of continental Europe. Not all of them will need it. It is not easy to see that France or the Netherlands will need it, for example. Russia has no stabilization problem at all. Her currency does not get into the foreign exchange markets. Her dealings in international trade are in terms of dollars or in the currencies of the other countries with whom she deals. Foreigners do not hold deposits in Russian banks which they can sell in the foreign exchange markets nor are the Russians allowed to throw rubles upon the foreign exchange market.

Opposes International Fund

I am opposed to the whole idea of the International Monetary Fund. It lends money without proper conditions. It gives quotas to countries which need them, and to countries which do not need them. It gives quotas to countries whose finances are deteriorating and to countries which are getting on their feet. A false analogy has been made between these quotas and lines of credit at a bank. No bank gives lines of credit this way. A line of credit is not one of a set of fixed quotas to a group of would-be borrowers, good, bad and indifferent. A line of credit is a specific understanding with a specific borrower based on the facts of his individual position, and if those facts change the line of credit is revised. If the would-be borrower lies to the bank about his balance sheet or about his profits, or any other essential point, the bank may cancel the line of credit, and if the borrower fails to notify the bank of any essential change in his financial position the bank may cancel the line of credit. The quotas under the Fund are nothing like lines of credit.

Sound lending is a process in which the creditor makes conditions. When he is dealing with a strong borrower, he cannot make special conditions, or competing lenders will gladly take the loan, but when he is dealing with an embarrassed borrower he can, should and must, both in his own interests and in the interests of the borrower, make conditions that assure the safety of the loan. The Fund puts the debtors—the borrowers—in control of the lending. The notion that there will be any proper restraints upon the use of the funds under these conditions is absurd. The Fund has very inadequate and vague provisions in any case for restricting or withholding credits within the quotas. and these vague provisions are to be applied by a Board of Governors, a majority of whose members represent necessitous borrowers all of whom want to borrow more. No one of them will impose adequate restraints upon another similarly placed lest he invite retaliation when his own country is involved.

There should not be any Fund. If we stabilize the currencies one by one, the normal operations of the foreign exchange markets will keep the exchange rates stabilized and no Fund is needed.

Fund Sanctions Exchange Restrictions

The Fund is erroneously represented as an institution designed to eliminate foreign exchange restrictions. In the first place, it sanctions existing restrictions for at least five years. In the second place, it sanctions new restraints even in the countries which have free exchanges. It proposes to leave exchanges free only on cur-

(Continued on page 2860)

Lots of sunlight and fresh air—plenty of room for growing children or *growing factories.* A mild, healthful climate that adds enjoyment to all outdoor activities . . . and permits uninterrupted year-round production—savings in plant construction and fuel costs. Here are the raw materials of empire . . . mineral, forest, agricultural. A plentiful post-war labor supply, especially in Georgia's excellent small towns. Abundant good, soft water. Splendid transportation facilities. Electric power at rates among the nation's lowest. A sound tax structure. A modern educational system. Unexcelled recreational facilities from the mountains to the seashore. Yes, it's *Great* to be a Georgian . . . to live and work among a friendly people—away from the problems of congested areas, but with easy access to rich and growing markets.

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Since its inception in 1938, the fund has grown steadily until net assets currently amount to approximately $25,000,000. Shareholders now number about 10,500 and the fund has paid more than $5,000,000 in distributions since 1938.

"Do you want regular income from bonds?" concludes the booklet. "Why not invest in Manhattan Bond Fund?"

Building, Chemical and Tobacco Shares

The Investment Research Department of **Distributors Group,** which regularly advises affiliated dealers on those classes of Group Securities currently considered to be undervalued, has recently added **Building Shares, Chemical Shares** and **Tobacco Shares** to the list of favored groups.

These three groups, writes the sponsor, "offer **fair value** at present prices in relation to their present earnings. They are **undervalued** with respect to their post-war prospects."

Chemical Shares and Tobacco Shares are also singled out as "groups of stocks which may well appeal to the bond buyer who is just now beginning to turn to stocks." New folders on all three groups have been mailed to affiliated dealers and additional copies are available from the sponsor on request.

10 to 1

Lord, Abbett has followed up its recent popular Investment Bulletin on **Affiliated Fund,** entitled "Just By Moving a Decimal," with another bulletin comparing the performance of Affiliated Fund with all of the stocks on the New York Stock Echange "which were selling around 18⅜ at the same time Affiliated's adjusted price was at that level."

There were 20 issues in this category. In the three years since April, 1942, only two of these 20 have done better than Affiliated "'On this basis," writes the sponsor, "the odds are 10 to 1 against picking individual listed issues which will prove to be better choices than Affiliated Fund.

"The very nature of the Affiliated set-up—a cross-section of the best listed stocks, automatically priced, and accelerated by leverage—suggests that this relative result should be the rule rather than the exception."

Household Appliance Companies

National Securities & Research Corp.'s current issue of Investment Timing analyzes the outlook for household appliance companies and concludes that: "Earnings should reach new peaks when full production is attained, at which time profit margins are expected to be adequate. As some of the stocks have begun to discount the companies' post-war potentialities, careful selection is an important factor in successful investment representation."

The intermediate trend of stock prices as seen by this service is still upward. Calling attention to the narrow range which has contained the Dow-Jones Industrial Average for nearly a month, the service states: "A definite break out of this range will imply an appreciable move in the direction of the emergence. We believe that an upward move is more likely, and also that an upside breakout would probably mean a larger move than a downside one."

Projected Earnings

Vance, Sanders, in the current issue of **Brevits,** quotes from a recent Standard & Poor's study of the current bull market. This study compares estimated post-war earnings on 40 leading companies with their actual earnings in 1944 and previous years. Assuming elimination of the excess profits tax and a combined normal and surtax rate of 40%, this study indicates that the 40 leading companies can be expected to earn some 88% more in the first post-war year than in 1944 and about 55% more than in 1937.

Massachusetts Investors Second Fund

In its quarterly report as of May 31, 1945 **Massachusetts Investors Second Fund** lists total net assets of $12,500,692, which compares with $10,202,439 a year ago. During the quarter, Firth Sterling Steel Co. was added to the portfolio while stocks of Cuban Atlantic Sugar Co. and Ex-Cell-O Corp. were eliminated.

Mutual Fund Literature

Selected Investments Co.—Current issue of "These Things Seemed Important." (If you haven't seen this little weekly digest, we suggest you write to the sponsor for a copy.) . . . **W. L. Morgan & Co.**—Revised Prospectus on **Wellington Fund** dated June 11, 1945. . . . **Keystone Corp.**—Revised General Prospectus on **Keystone Custodian Funds** dated June 15, 1945; revised supplemental Prospectuses on **Keystone B-2, K-2** and **S-3,** all dated June 5, 1945; current issue of Keynotes. . . . **Distributors Group**—Revised folders (2) on **Railroad Equipment Shares;** current issue of Railroad Equipment News. . . . **Broad Street Sales Corp.**—Current Letter on **Broad Street Investing Corp.** and **National Investors Corp.,** "Some Observations on 1944 Reports and Recent Financing." . . . **Calvin Bullock**—Current issue of the Bulletin.

Dividends

Affiliated Fund, Inc.—A quarterly dividend of 3 cents a share, payable July 20, 1945 to stock of record July 10.

Massachusetts Investors Trust—A quarterly dividend of 26 cents a share, payable July 20, 1945 to shareholders of record June 29.

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John Potter Is With Security Adjustment Corp.

BROOKLYN, N. Y.—Security Adjustment Corporation, 16 Court Street, announces that John A. Potter will be a special representative in the Greater New York territory. Mr. Potter has been with Frankel, Kovac & Co., New York City, since 1937. Prior to that he was connected with Williams & Co. of Brooklyn.

Peck Resumes Activity As Stevens Legg Partner

Arthur K. Peck, who has been assistant to the President of Republic Aviation Corporation in charge of contract settlements since January, 1942, has resigned to resume his former activities as partner in the Stock Exchange firm of Stevens & Legg, 11 Wall Street, New York City. Mr. Peck is a member of the New York Stock Exchange.

Fallacies of Bretton Woods Proposals

(Continued from page 2859)

rent transactions and proposes international governmental cooperation to control international capital movements. Now this control of international capital movements is something we never talked about in the old days of free exchanges and sound moneys. The problem arises only when you have a shaky currency that people are afraid of. The men get frightened and try to get their money out of the country. And then the government whose unbalanced budget and whose abuse of credit and currency has caused the money to become shaky, begins to blame the people who are trying to run away and begins to blame the foreigners who are trying to take their funds out of the country. The government itself created "hot" money by making their country a "hot" place for money. The way to avoid "hot" money is to balance your budget and redeem your currency on demand.

This plan for international control of capital movements is vicious in the extreme. It is designed to shelter unsound finance and unsound currency policies by international governmental cooperation. The plan will generate "hot" money. It will create new nervousness on the part of every man who has funds in a foreign country or who knows how to put funds out of his own country.

Generating "Hot Money"

There are two other provisions in particular that will generate "hot" money.

(a) The plan sanctions changes in the gold content of the various countries. They may drop 10% merely on their own initiative and they may drop 20% unless the Fund makes objection within 72 hours. Even then, as Edward Brown has admitted in his Chicago "Journal of Commerce" article, there is no reason to expect the Fund to make effective objection when a powerful country wants to drop as much as 20%.

Now this possibility hanging over the markets all the time will create "hot" money which would not otherwise exist. Men will constantly be watching, constantly making plans to shift their funds when they face a chance of a 20% or even a 10% loss on their capital. Foreign deposits paying 3% to 4% in banks of a country whose currency may drop 10% with no notice, or 20% on 72 hours' notice are not attractive.

(b) The second amazing provision which will definitely generate "hot" money is that authorizing the Fund to declare a currency scarce and authorizing individual countries in that case to ration out the scarce currency. It is the dollar which will become scarce. What if that happens? Foreign debtors can no longer get dollars with which to pay American creditors for goods that have been shipped. No matter how many francs the French debtor may have, he cannot use them to pay. Exchange transactions, except at par, are forbidden in France and in the United States under the terms of the Fund. There is a fixed exchange *rate*, but there is no exchange *market*. In 1919 the American exporter caught with depreciating francs could at least sell his francs, take his loss and pay off his own debts. Or the French importer, obliged to pay dollars, could buy the dollars at a higher price and pay his debts. A depreciating exchange is nothing like so bad as a blocked exchange. It is flexible; it gives warning in advance. Men faced with this possibility of having their funds frozen by a declaration of scarce currencies would be constantly on the lookout ahead to get their funds out of the country where dollars are going to be scarce before the declaration comes.

The Distinction Between Current Transactions and Capital Movements Impossible in Practice

Now how can a man get his funds out of a country if capital movements are controlled and only current transactions are free?

There are a multitude of ways. Goods can be shipped out of the country and the proceeds left abroad. You do not need a foreign exchange transaction to do it. Or a business having borrowing relations with banks in New York and in Paris could pay off its New York banks and increase its borrowings in Paris which is a means of transferring capital from Paris to New York. The devices are so multitudinous that Lord Keynes admittee in his original draft of the plan for a clearing union that control of capital movements probably involves control of all foreign exchange transactions, and I would go further and say that it involves control of all borrowing and lending transactions by companies doing business in several countries and of all export and import movements, not to mention the searching of pockets and traveling bags of every traveler, and censorship of the mails. This Fund plan is erroneously represented as a plan for free international transactions.

Criticisms of the Bank

The International Bank proposed is also subject to the criticism that the borrowers dominate it. In a financial institution the lenders should control. If we are going to lend, and we should lend, let us do our own lending; let us have an American institution. Let this American institution go joint account when suitable with foreign institutions. Let it go joint account with private investment bankers. Incidentally, it is highly desirable that we use private investments funds as far as possible rather than government money in our financial aid to Europe. Moreover, it is far easier for private bankers to negotiate with foreign countries in such a way as to impose proper conditions than it is for government to do it. The banker does not make demands; he expresses his opinion as to what the investors of his country would require, with great courtesy. He raises no diplomatic issues. An American governmental financial institution could very well let investment bankers initiate and originate many propositions, then pass upon them and decide whether they wish to go joint account.

One great vice in both these plans is that the whole thing rests on new debt rather than on equity money. There is no provision for equity money. Now, if we have an American governmental institution, it could join American investment bankers in underwriting (not guaranteeing) stocks rather than bonds of European industries for sale to American investors. It is desirable that there should be American investment companies which put out their own stocks in this country, and which use their funds in buying a diversification of European stocks, diversified both by industries and by countries. Such companies should seek venture capital only. They should notify the public that their securities are not for widows and orphans. But the same thing is true of bonds in Europe under existing conditions. Bonds would be good if the countries revive. They won't be otherwise. Stocks would be good if the countries revive and prosper, and not otherwise.

Advantages of Equity Financing

The great advantage of the stocks is two-fold: (a) with real revival in Europe, the returns would be large to American investors; (b) in bad years Europe will not have to pay any dividends. In good years she can pay large dividends. It is risk money that we are putting into Europe, and it should be put in in risk form as far as possible.

The total amounts of loans contemplated to Europe, taking into account the Fund, the Bank and other proposals, are far too great from the standpoint of Europe's ability to repay. European governments can repay to the extent (a) they can create excess of taxes over expenditures in their own country, and (b) to the extent they can transfer these back to the United States by giving us goods and services. They must pay with hams, with bottles of wine, with diversified manufactures, with shipping services, with entertaining tourists, with a multitude of services. Viewed in this way, it is clear that it is to their interest and to our interest to hold the amounts down to what can be handled, not by the printing of money, but by the movement of goods and services. To the extent that we go beyond this we are giving charity in the guise of loans, and to the extent that we do this we are inviting default, repudiation and international bitterness in the future. Let us give charity where we must. Let us lend when we can safely, but let us, above all, realize that we cannot support Europe.

The big job of the restoration of Europe is Europe's job.

I reject the absurd fear that we can't get other nations to cooperate if we refuse this plan. By the way, none of them have accepted the plan. Even the experts are not committed, except as they have agreed to refer it to their governments. But if we are prepared to lend money, the borrowers will certainly cooperate on our terms if these are reasonable.

We cannot, moreover, amend this measure adequately, even assuming that we want to go on with it in the way which this bill proposes. The bill has tried to protect the framework of the Bretton Woods proposals. The proposals themselves, even if we wish to use them, must be changed. Even the modest changes which the bill seeks to accomplish cannot surely be obtained. We put our money in first, under this bill, and then afterwards ask them to change the plan. That is no way to lend money!

Other Vices of Plan

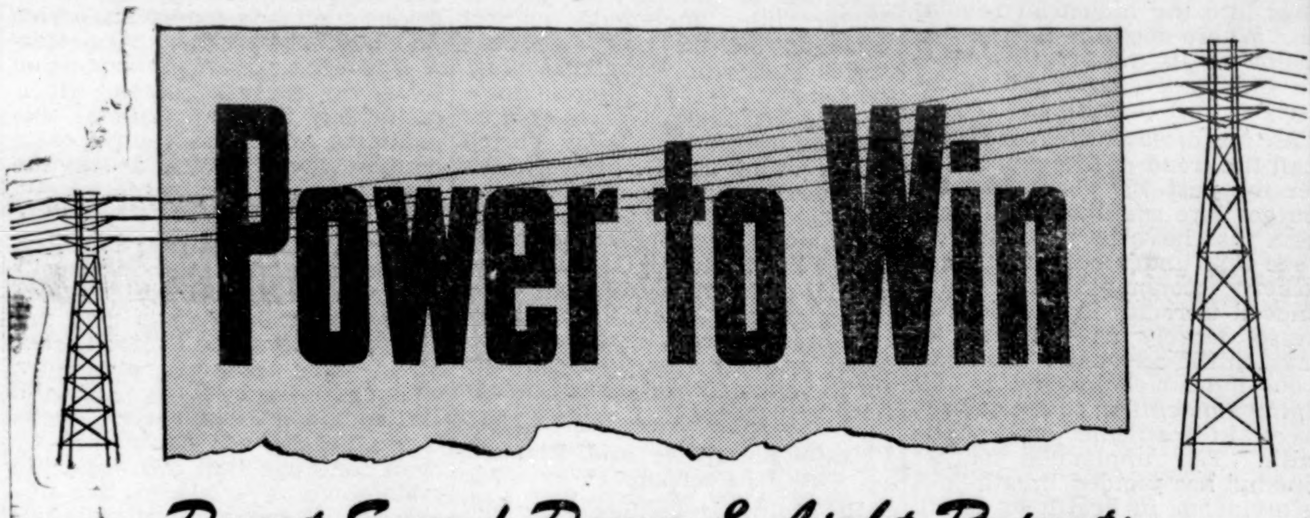
But there are further major technical vices in the measure as drawn. One which I would emphasize strongly is that the Fund proposes to use only central banks and stabilization funds in its transactions. We are to use reserve money in making foreign loans. Our reserve money should be the last money used for that purpose, not the first. The desirable way to make foreign loans is with investors' money, or if the government is going to do it, with taxpayers' money. Second, in foreign exchange transactions, short-run transactions, commercial banking money should be used. The worst way is to use reserve money.

When payments are made out of the Federal Reserve Bank to the Fund, the dollars come back into the reserves of our member banks, increasing our bank reserves, making our money rates easier in the United States—making it easier to lend at home because we have lent abroad. This is vicious. The other side of it is that when France borrows from the Fund, putting francs into the Fund to provide dollars for a French importer, this means payments of francs into the Bank of France from French commercial banks, tightening the money markets of France.

Every foreign exchange transaction of the Fund makes unnecessary money market complications in every country involved. This is technically vicious. If the Fund is going to operate in the foreign exchange markets, it should deal with the market as a whole, and should make large use of the deposits in commercial banks rather than of central banks.

But the whole plan is vicious, artificial, self-defeating.

In summary, I reject both the Bank and the Fund. I propose instead an American institution which, cooperating where feasible with other institutions, shall make necessary loans, shall engage in necessary underwriting of equities and, above all, shall make stabilization loans to individual countries one at a time, putting gold into their central banks on conditions of budget balancing and gold stabilization with, where necessary, supervision of the uses to which the funds are put.



Puget Sound Power & Light Reports:

We are proud that during 1944, like all good Americans, our efforts have been devoted toward helping to win the war. With greater emphasis on the war in the Pacific during last year the Puget Sound Power & Light Company's contribution increased, resulting in all time high records in revenues, energy output, peak demands and number of customers served. Through the efficient functioning of the Northwest Power Pool, of which this Company is a member, the supply of electricity has been adequate to meet all demands.

NET EARNINGS

NET EARNINGS

Earnings for 1944 totalled $5,144,934. Though this represented a decrease of $253,308 or 4.7%, compared with 1943 (due to an increase in taxes of $1,872,296). Earnings were 7½ times the annual dividend requirements on the Prior Preference Stock and, after deducting dividend payments on such stock, amounted to $2.05 per share on the Common Stock. Interest and amortization charges were $2,304,517, a reduction of $539,321, or 19% under those for 1943, reflecting savings accomplished through refinancing of the Company's debt in April 1943

DEBT RETIREMENTS

The Company made a payment on its serial notes to banks of $1,000,000 on March 1, 1944 and a payment of $562,500 on September 1, 1944—a total of $1,562,500 during 1944. A payment of $562,500 was made on March 1, 1945 and from September 1, 1943 to date the Company has retired a total of $3,125,000 of these notes. Thus the present balance of such notes has been reduced to $3,375,000.

The Officers and Directors of the Company are investigating the possibility of refunding the outstanding debt with securities carrying a lower interest rate.

DIVIDENDS

In 1944, quarterly dividends on the Prior Preference Stock were paid at the annual rate of $5.00 per share. Following approval by the State Department of Public Service, four dividends of 30 cents per share each were paid on the Common Stock in 1944. Dividends of 30 cents per share each were paid on February 15, and May 15, 1945.

TAXES OVER $5,700,000

Taxes payable in 1944 amounted to $5,706,626, an increase of $1,872,296, or 48.8% over 1943. Had it not been for a reduction of $1,144,000 in Federal income taxes due to a credit "carry-over" from 1943, total taxes payable for 1944 would have been $6,850,626, or 25.8% of total operating revenues.

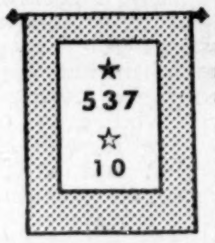
The Company's taxes payable for 1944, as shown in the income statement, were 20.5 cents of each dollar of operating revenues while the average Public Utility District taxes were about 5% and TVA taxes were about 6%.

AVERAGE RATE
CHEAPER THAN TVA

MORE FOR LESS

The Company's average rate per kwh for residential and rural customers keeps going down, notwithstanding higher taxes and increased cost of doing business. Year-end average for Puget Power was 1.7 cents per kwh. The Company's average rate for domestic service as of June 30, 1944, was 4.3% lower than the average domestic rate in the TVA area. During the past ten years Puget Power's average rate has dropped 42% while other living costs have mounted.

LOYAL EMPLOYEES



No little credit for the Company's ability to supply wartime power demands must go to the "know how" of its 2,947 employees, more than one-third of whom have been employed by the Company for 15 years or more. The Company's service flag contains 537 stars indicating those who have gone forth in the active service of their country, and the gold stars record the supreme sacrifice made by ten of them.

Postwar Development Activity

In cooperation with State and regional organizations and the communities it serves, the Company is actively engaged in the formation of plans and blueprints for expanded business and job opportunities in the postwar period. Primary consideration is being given to the conversion of war production facilities to postwar needs so that jobs will be provided for present war workers and for the returned servicemen. The basic objective is that the State of Washington achieve the destiny to which it is entitled by its resources and geographical location.

With excellent timber resources, extensively developed agriculture and basic light metal and chemical plants, this State is in an excellent position to expand industrially in the postwar period. Much thought is being given to the establishment of such industries as are necessary to process the raw products of the State's basic industries into consumer goods. Western manufacturers supply only a small percentage of the finished consumer goods purchased in this area. Increasing needs of this area can be profitably served by substantially increased manufacturing in the Pacific Northwest.

Intensive efforts are being made at present to establish a postwar integrated light metals industry in the Northwest and studies indicate hopeful after-the-war prospects for such industries as building materials, refractories, artificial abrasives, chemicals, fertilizers, plastics from wood, farm products, canning and processing of foods.

NEW RECORDS ESTABLISHED

	1944	Increase Over 1943	% Inc.
Operating Revenues	$26,589,538	$1,884,487	7.6
Electric Customers	240,786	6,147	2.6
Energy Delivered—KWH	1,634,631,872	202,308,311	14.1
Peak Demand—KW	377,500	32,200	9.3
Annual Use per Residential and Rural Customer—KWH	2,389	127	5.6
Bus Passengers	7,451,285	983,930	15.2

Report to Stockholders, 1944, in booklet form, including Consolidated Balance Sheet and Statements of Income and Surplus, will be sent upon request, by addressing the Company's
MAIN OFFICE: 860 STUART BUILDING, SEATTLE, WASHINGTON

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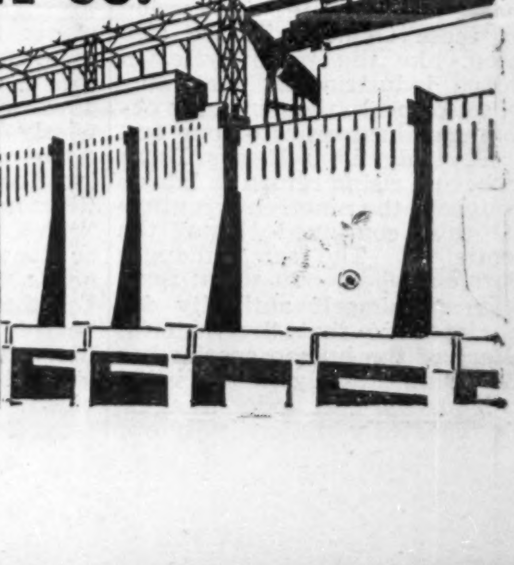
D. K. MacDonald & Company

WILLIAM H. McGRATH
Former Executive Vice-President of the Company

FRANK McLAUGHLIN
President of the Company

RUSSELL MILLER
Executive Vice-President, Pacific, Gamble, Robinson Company



Refutes Beveridge's Arguments On Planned Economy

(Continued from first page)

them do 'not include liberty of a private citizen to own means of production and to employ other citizens in operating them at a wage.' And further, 'private ownership of means of production . . . must be judged as a device. It is not an essential citizen liberty in Britain, because it is not and never has been enjoyed by more than a very small proportion of the British people.'

"That few achieve such ownership," he continues, "may be true. But what Beveridge is ready to sacrifice is far more than he admits. If private ownership of means of production ends, this will mean the end of the *hope* of ownership among a vast number—the hope that has inspired many men's endeavors and added much to life's value. And if private ownership of means of production ends, this also will mean for millions the end of the right to choose among employers. To all employees that right is above price, and a wholesome restraining influence on the arbitrary restraining influence on the arbitrary impulses of employers. The State as an employer can be as tyrannical as anyone else. Beveridge's willingness to sacrifice the right of many workers to choose among employers illustrates how cruel a kind man can unwittingly be."

Trade Cycles and Planned Economy

Mr. Wasson points out a serious inconsistency in Sir William Beveridge's thesis that trade cycles exist only in advanced industrial nations with unplanned economies. By Beveridge's own admission, backed up by a study of trade cycles over a period of 150 years, "it must be taken as highly probable, though not finally established, that the trade cycle has an agricultural root."

"Now these two discoveries," comments Mr. Wasson, "give rise to an extraordinary *non sequitur* in Beveridge's argument, for after setting them forth he straightway says that 'the trade cycle . . . is the common scourge of all advanced industrial countries with an unplanned economy.' He has just shown that the trade cycle as we know it today afflicted Britain back in the days when industry was in a foetal stage and before the 'unplanned market economy' had triumphed. He has just indicated that the epicenter of the recurrent disturbance is 'probably' in the farming and mining areas. How wilful it is for him, then, to identify this scourge with modern industry! But by thus saddling industry with a peculiar responsibility for mass unemployment, he lays the groundwork for his plea that we modify profoundly our economic system.

"This brings us to a further *non sequitur*," Mr. Wasson adds.

"We must, Beveridge says, 'destroy the giant social evils of Want, Disease, Squalor and Ignorance,' and 'reduce also the evil of Inequality' in the distribution of material recources. And he proceeds to give the impression that these Giant Evils are also rooted, like the trade cycle, in modern industrialism; that they are, so to speak, the pervasive occupational infirmities of our era. Yet Beveridge himself says 'There had been a rising return to labour throughout the nineteenth century and this continued [into the twentieth].' The same thought recurs elsewhere. In short, Beveridge is himself authority for the statement that the material welfare of the human species has been rising steadily in our modern industrial era, under what he calls repeatedly and critically our 'unplanned market economy.' Let us now examine more closely those four Giant Evils—really three, since squalor overlaps want and is redundant.

"Want was worse before our 'unplanned market economy' took wings into the industrial revolution. Where does one turn to find squalor at its worst? To lands like China, of course, where industry is still primitive.

"As for disease, we need only recall the trend of life expectancy over the past 150 years, and the scourges like smallpox and diphtheria that have been conquered, to see that under our 'unplanned market economy' we have achieved miracles in the field of disease, largely as the fruit of our scientific advances. And just as our industrial progress is still gaining momentum, so are our advances in medicine and public health. The 'unplanned market economy' has yielded breath-taking dividends in health to us all.

"Finally, there is 'ignorance.' Now the past century and a half has seen the virtual elimination of illiteracy in every 'modern industrial community.' Never was so much education available to so many as today, under our 'unplanned market economy.' Perhaps we have not made the most of our opportunities, and certainly the quality of our education leaves much to be desired. Our educators may have let us down. But the fault does not lie in our 'unplanned market economy.'"

State Planning of Investment

Tracing the similarity of Sir William Beveridge's proposal for government spending and permanent price controls for maintenance of "full employment" to Lord Keynes's theories, Mr. Wasson states that "driven by the logic of his premise, Beveridge would have the State 'plan the rate of national investment as a whole, both privately and publicly financed.' There is to be a new kind of national budget, which takes as its datum 'the manpower of the country,' not money. It is, we are told, to be a 'human budget.' The total outlay of the nation, public and private, is to be sufficient to give work to all. A National Investment Board is to decide on all capital expenditures, according to social priorities. Private entrepreneurs must win the approval of the National Investment Board before undertaking anything; otherwise investment might be diverted into projects low on the official list of priorities. Of the total national investment, 'probably not more than 25%' would be accounted for by private manufacturing industry.

"In short," continues the reviewer, "under Beveridge's planned economy 'the allocation of resources would be in accord with the natural desires of the citizens, as interpreted by the planners.' Note the phrase 'as interpreted by the planners.' Just as in Germany the objective of a planned economy 'involved some distortion of ordinary human desires,' so in Britain, Beveridge wants to impose on consumers some curbing of their desires. He sees a danger that the spending power of the citizens might not be wisely directed. If left free, it might disregard the quality and location of available labor, or flow into forms of consumption 'which were not most desirable,' or leave unmet certain crying needs for social improvement. For these reasons consumers will be free to spend their money as they please only after a minimum for all citizens has been provided. One gets the impression from Beveridge that his proposals would drastically reduce the citizen's 'disposable income, i.e., what he has left after taxes; and that thus the consumer's right to choose among goods would be only a sliver of what it is today. It is a pity that Beveridge never tells us how much 'disposable income' his planners might relinquish to the population."

Mr. Wasson points out that all this means 'infallible planners' "wise enough and good enough to make the decisions that shape the destinies of the British people. Under the 'unplanned market economy' of the past two centuries men who sometimes were regarded at first by their contemporaries as crackpots have created the industries that today enrich the lives of us all. Beveridge's planners would pass upon the merits of such proposals in the embryonic stage. Their veto power would be absolute. Of course the official planners would favor their own plans and innovations, mostly of a humanitarian bent, no doubt. What sympathy would they have for the explosive dreams of industrial geniouses?"

Private Enterprise and Planned Economy

Regarding Beveridge's contention that his planned economy scheme would not mean the complete abolition of private enterprises, Mr. Wasson take the opposite view, maintaining that the secret of our dynamic economy, under which mankind has advanced in the technical processes and social betterment, lies in the encouragement of risk and adventure. "Beveridge's imagination remains curiously unmoved by the stupendous adventure of industrial progress, with its repercussions in pure science, in multiplying life's satisfactions, in raising our living standards, in the miracles of applied medicine, and in education. He does not argue this whole subject. He ignores it, like one who is denied the use of his senses over a wide area of experience. He does not know what makes the Western World go round," remarks the reviewer.

And he adds "that to thrive and thus make good its promise, private enterprise must have aid to breathe and room to move in. Beveridge refrains from declaring himself a socialist, and declares repeatedly that his program bypasses the controversy between socialism and capitalism. But he consigns private enterprise to a reserved area of our economy where it will lack oxygen and water and heat and light and room, all of them. He would confine private enterprise to a cage, cut its hamstrings, and then admonish the creature to give a good performance, under threat of death."

His conclusion is that "Beveridge claims to have devised a program assuming full employment without the sacrifice of private initiative in production. It is hard to avoid the conclusion that his program would doom private initiative to a lingering and inglorious end, at a cost to Britain in industrial leadership that Beveridge never stops to weigh."

Effect on Fiscal Policy

As to the effect on fiscal policy and the national debt of government "outlays" to assure "full employment," Mr. Wasson attacks Beveridge's idea that "a continuous expansion of the national debt on a large scale over the coming decades can be viewed with equanimity." Adopting Keynes's ideal of a disappearing interest rate, the "euthanasia of the rentier," as the prominent British economist phrases it, Beveridge sets up the claim that through its control of money the interest on the national debt may be gradually reduced to zero by refunding operations on outstanding obligations. To this Mr. Wasson retorts that, without laying at Beveridge's door any cheap-jack "semantic" evasions, "this high-minded man is here proposing, without a trace of self-consciousness, a program and technique by which the State would gradually cheat its creditors. As with the sharpster's thimble trick, one gasps with admiration at the smoothness of it all. If the managers of a private enterprise engaged in such plottings, imagine the outcry from 'liberals'! In private business, schemings against creditors of this kind might bring a man into court,. and one recalls with uneasiness that sentence of Beveridge's, already quoted, in which he says that 'the State in matters of finance is in a different position from any private citizen.' It is disturbing to see a liberal expounding the philosophy of a double moral standard for the State."

The Murray Bill

Though Beveridge described his book as "first and foremost," a Report for Britain, and says expressly that the details may not be applicable to the United States, Mr. Wasson takes exception to a statement that 'so far as the United States is concerned, there is no reason for confidence or even for hope that the economic system which produced this depression, if left to itself, will fail to reproduce similar depressions in the future." In this characterizing "the strongest and most productive national economy in the world" as "the least stable," it would seem, as Mr. Wasson points out, that "the Beveridge book already has some advocates in the United States." He makes mention of President Roosevelt's last budget message, submitted Jan. 9, 1945, which included figures estimating "the nation's budget along the ilnes of the new comprehensive kind of national budget that Beveridge describes," and also the Murray "Full Employment Bill" introduced in the Senate late in January. Mr. Wasson points out, however, that the Murray bill differs from Beveridge's scheme "in the emphasis it places on private initiative."

"It starts," he says, "by declaring

"It is the policy of the United States to foster free competitive enterprise and the investment of private capital in trade and commerce and in the development of the natural resources of the United States.

It goes on to say that '. . . . it is the responsibility of the Federal Government to pursue such consistent and openly arrived at economic policies and programs as will stimulate and encourage the highest feasible levels of employment opportunities through private and other non-Federal investment and expenditures.'

"Furthermore," he adds, "any deficiency in private expenditures that the Government makes up in order to assure employment is to be designed 'to stimulate increased employment opportunities by private enterprise.'"

Mr. Wasson concludes his elaborate and highly enlightening review by saying : "The community must do all it can to avoid unemployment and to alleviate its hardships. Let us not forget that there are limits to human wisdom for which statutory declarations are not a substitute. As long as the world is convulsed by recurring wars and as long as the fiscal authorities commit blunders (however unintentional these may be), the economic repercussions will surely include employment dislocations. Furthermore, let us always keep in mind that the unemployment problem has been a major preoccupation of the modern industrial world only in recent times. For upwards of a century mankind has been reaping fabulous rewards from industrial progress wherever the competitive, profit economy has been functioning. If we lift our eyes from our immediate concern with unemployment and view our situation in the perspective of a longer past, how foolish becomes the proposal that we scrap the competitive, profit economy because, forsooth, we do not yet find ourselves in Elysian meadows blooming with asphodel."

Sterling Nat'l Bank Elects Jesse Unger

At a meeting of the Board of Directors of Sterling National Bank & Trust Company, Jesse J.

Jesse J. Unger

Unger was elected a Vice-President of the bank. He will be in charge of the 42nd Street office in the Chanin Building. Mr. Unger, well known in midtown business and financial circles, was formerly Vice-President of Manufacturers Trust Company, located at their office in the Empire State Building.

FDIC Expected to Urge Expanding Bank Capital

Noting the vast rise in deposits in recent years, it was indicated on June 25 that Federal supervisory agencies are at work on a program to induce insured institutions to expand their capital accounts, although the banks are said to maintain that such action is not necessary. This was made known in a special dispatch to the New York "World Telegram" from Washington on June 25, which added:

"The annual report of the Federal Deposit Insurance Corp., due out shortly, is expected to contain specific references to banks' capitalization and urge expansion.

"It is pointed out that in the 12 months ended Dec. 31, 1944, insured banks had an increase of about 21 billions in deposits, while capitalization of such banks rose by only 500 millions. Aggregate deposits of these institutions at the close of 1944 were upwards of 110 billions, whereas total capital accounts amounted to 7.6 billions.

"The ratio of capital to assets on that date was about $6.36 capital for each $100 of assets, which compared with a ratio of about 10% in the 1930's, 20% in 1915 and 40% in the 1900's.

"Some officials contend that the high rate of earnings for banks last year reflected insufficient capital, such earnings outstripping any other year and representing a return of 9.7% on capital.

"Among proposals being put forth to increase bank capital is one which would require those institutions to keep their books open to permit investors to buy stock whenever earnings justified. Such a plan, however, would require legislation.

"The banks maintain that with insured institutions holding 65 billions of Government securities, larger capitalization is unnecessary.

"But Federal agencies hold that as banks shift their portfolios from non-risk Treasuries to other forms of loans larger capital will be essential.

"The Comptroller of the Currency has been urging the banks, through form letters, to expand their capital."

100

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OUR REPORTER'S REPORT

There is no gainsaying the fact that the investment banking world, and that goes for the dealer organizations as well as the underwriting bankers, is rolling up its sleeves in preparation for the enormous task of new financing which will be upon it now that the success of the Seventh War Loan Drive is assured.

This very sizeable segment of the War Loan organization has turned in a very satisfactory job for the Treasury Department and if it can do relatively as well for itself in the next few months the components will have no kick coming.

Right now it is interesting to hear the observations of those who will be out placing new corporate issues again next month. That there will be plenty of business for all is a foregone conclusion what with a potential of somewhere between 900 millions and a billion of new issues in sight.

From the comments of people in a position to get the feel of things, it looks as though the several preferred stocks of seasoned and well-regarded industrial companies are destined to give new bond issues a real run in the early stages.

As a matter of fact large institutional buyers, chiefly the insurance companies, are reported to be keenly interested in these senior equities of which there are a goodly number on the list. They have been forced over several years to give up bonds from their portfolios for new issues of lower coupon and consequently less attractive yields.

Now with a number of high-grade preferreds coming into the market they evidently see an opportunity to fatten up the intake column a bit and are interested.

Brisk Market for Bonds

This does not mean, of course, that impending new bond issues will be neglected. On the contrary, although it is recognized that bankers will have to pursue a very close schedule if all prospective issues are to be marketed in a given time.

In these circumstances there is the possibility of occasional indigestion developing marketwise. But by and large the feeling is that prospective issuers may feel assured of a receptive market.

The one proviso made by observers, however, seems to be that the first issues to reach market next month will probably turn in the best performance.

Bethlehem Steel Plans

Just when it appears that the rest of the current wave of new financing prospects had been passed several more large corporations are reported at work on plans for revising their outstanding debt structures with a view to savings in interest.

Largest of the newcomers is Bethlehem Steel Corp., which is said to be in process of preparing registration data for filing with the Securities and Exchange Commission to cover an issue of $75,000,000 new consolidated mortgage bonds.

Expected to be of 25 years maturity, this new issue reportedly will carry a coupon of 2¾% and will be put in registration in time for offering during July.

Proceeds would be applied to the retirement of $23,000,000 series F 3¼s, due 1959; $30,000,000 series G 3s, due 1960, and $40,000,000 of series H 3¼s, due 1965.

Another Large One

Meanwhile Public Service Co. of Indiana, from all indications, is considering replacement of outstanding bonds and preferred stock, and several banking groups are reported forming to compete for the new securities.

The company has $4,000,000 of series D 3⅜s, due 1972, and $38,000,000 of series E 3¼s, due the following year, which it might take up, and also 148,186 shares of 5% preferred stock.

Rush to Register

Currently there is a rush on the part of potential issuers to register their new securities with the Securities and Exchange Commission so as to be in a position to market them during the next month if conditions warrant.

Southern Bell Telephone headed the list of a long line of companies going through the required operation when it registered for $45,000,000 new debentures.

American Telephone & Telegraph, the parent company, was expected to follow suit without much delay on its program calling for new debentures in the aggregate of $175,000,000.

Canadian Crop Report

With a continuance of cool weather in Canada's Prairie Provinces, growth of crops has been slow, it is stated in the Bank of Montreal's crop report dated June 21. Where moisture conditions are satisfactory, says the report, early-sown wheat is healthy and even, but moisture is lacking in parts of Alberta and Saskatchewan and crop conditions in those areas vary from only fair to good, with weed infestation heavy in some districts. In the Province of Quebec, seeding and planting are now well advanced after prolonged delay, owing to wet, cold weather. The season there is from two to three weeks late and dry, warm weather is urgently needed. In Ontario and the Maritime Provinces, also, the season is about two weeks later than normal, but weather conditions have recently been more favorable and crop conditions have improved.

Lewis Opens Office

WICHITA FALLS, TEX.—Hobson L. Lewis is engaging in the investment business from offices at 706 Travis Street.

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Canadian Securities

By BRUCE WILLIAMS

The spate of currency rumors continues. First it is authoritatively announced that the Canadian dollar is about to be restored to parity with the U. S. dollar primarily on the conviction of a financial writer in London of the undervaluation of Sterling vis-a-vis the Canadian dollar. Then the French Franc, we understand, is to be devalued to give Allied troops in Paris a more advantageous rate of exchange.

It is high time that the treatment of foreign exchange problems were raised to a higher plane. Foreign exchange specialists all over the world have been fed too long on a diet of currency devaluation and bearish speculation. From the early twenties until the outbreak of war, it has been a sorry tale of easy profits made by international currency speculators faced only by inept controls, in conjunction with the facile policy of governments in attempting to solve their economic ills by the age-old method of currency depreciation.

Now that we have some encouragement that the nations of the world are ready to act in concert in monetary and other matters, the foreign exchange problem should be viewed from a more constructive angle. In the transition period ahead, great stress should be placed on current stability wherever it exists, and makeshift expedient currency devaluations should be eschewed. How far did the miserable series of French monetary debasements and the deliberate depreciation of Sterling and the dollar here contribute to an era of low morality that made the task of the predatory dictator only too easy?

The answer to this complex probliem lies fundamentally in the building up of the various internal economies firstly from within, and then if necessary by international collaboration; if artificial means of any kind are unavoidable, the tariff adjustment method should be employed, leaving exchange manipulations severely alone.

As Finance Minister Ilsley has so often reiterated, economic stability once gained should not be tampered with lightly by making any change in one of the basic elements. Why should Canada sacrifice itself on the altar of currency depreciation in order to make it possible for other countries to follow the old easy path of devaluation? After an interim period of trial on existing exchange bases, however, there is little doubt that natural economic forces will ultimately result in a higher level for the Canadian dollar, but in the meantime, there are many countries that must set their economic houses in order before practicable and endurable exchange rates can be fixed.

Turning to the market for the past week, price movements were mixed. In general, especially in the high grade provincial section, new highs were registered, but Nationals in some cases were quoted a little lower following a spurt of offerings from Canada induced by the current exchange scare. Internals, on the other hand, continued in brisk demand and Dominions, in particular the medium-term issues, were brought down in heavy volume. Mining issues in consequence were a little neglected, but there is growing evidence of an increasing flow of capital to Canada of a more permanent nature — investment in Canadian industries.

With regard to future prospects, the stage seems set, regardless of any change in the value of the Canadian dollar, for an accentuation of the attention paid to the Canadian situation.

With the political horizon now clear, latent interest will tend to become active, and the growing realization of Canada's rapidly developing economic importance should soon result in a greater activity at higher prices; it should also be noted that the lower interest pattern recently consolidated here has not yet been translated into the Canadian picture owing to previous political uncertainties in the Dominion.

J. B. White Pres. of Toronto Stock Exch.

TORONTO, ONT., CANADA—J. B. White, head of J. B. White & Co., was elected President of the Toronto Stock Exchange at the annual elections, succeeding W. G. Malcolm.

R. J. Brekenridge, Brekenridge, McDonald & Co., was chosen Vice-President; A. L. A. Richardson, Secretary, and J. T. Cannon, Treasurer.

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Torrey Pres. of Inv. Dealers Group in Can.

TORONTO, ONT., CANADA—Arthur Starratt Torrey, Vice-President and General Manager of W. C. Pitfield & Co., has been elected President of the Investment Dealers Association.

Mr. Torrey, who is American born and educated, began his career in 1924 with the Electric Bond & Share Corp. of New York, joining Royal Securities Corp. of Montreal in 1926. He became associated with W. C. Pitfield & Co. on its formation in 1928. He is also a partner of Hugh MacKay & Co., members of the Montreal Stock Exchange; Vice-President and director of Phillips Electrical Works, Ltd.; President of Synthetic Resins, Ltd., and director of ten other companies.

Hirsch Adds Asch

Hirsch & Co., 25 Broad Street, New York City, members New York Stock Exchange, announce that Julius T. Asch is now associated with them in their underwriting department.

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The Securities Salesman's Corner

By JOHN DUTTON

Some Plain Talk on Direct Mail Advertising

(Reprinted, by request, from the "Chronicle" of Dec. 4, 1941)

Our column for this week is going dogmatic for a change. We are going to state some convictions that are based upon samples of direct mail literature usually sent out by securities dealers and investment brokers.

Conviction number one is that most of these mailings are a waste of time and money. We have been repeatedly advised by many investors that most of this "junk," as they termed it, has been a nuisance to them and it is usually tossed directly into the waste basket.

Conviction number two is that this condition is wholly unnecessary. Also, that direct mail can be used by any securities dealer to increase his business and to build good will.

In this short article it is difficult to present the complete requisites of a successful direct mail department which will creatively augment the efforts of the sales department. Nevertheless, the following highlights of the approach to such a program are, in the writer's opinion, absolutely essential before profitable results of any consequence can be achieved.

Point No. 1—The mail campaign should be tied in with the efforts of the sales force. Isolated mailings of circulars, whenever the firm has anything to sell, should be part of a complete plan—*not the major effort of the mailing and advertising department.* Most investors have told us that the only time they ever hear from an investment firm is "when the dealer has something to sell." Yet, this is a personalized business, where the individual investor and the Securities Dealer are supposed to enjoy the most confidential of business relationships. The psychology of such an advertising and mail campaign is almost analogous to having your doctor circularize you regarding his great specials on X-ray examinations or rib fractures, or your lawyer writing you a letter that he had some excellent buys in damage suits or divorce cases. This is a far-fetched analogy, but the principle is the same. Is it any wonder that mailings which predominantly stress an offering of a security go right into the trash basket?

Point No. 2—Dignity has its place in life, but if carried to extremes, it is often mistaken for coldness, crustiness and highbrowism. We believe that most financial advertising is too dignified. When it comes to advertising, we believe the average security dealer is still unconsciously following certain beaten paths that were laid down years ago when the Securities Business belonged to the Cabots and the Lowells, and a bank was a place where people spoke softly lest they wake the dead. Today you've got to do something different to "awaken the dead!"

Step out of the crowd. Don't be afraid to be different. Use imagination. Talk American—write simply—be human and to "H" with the dignity. The kind of dignity we mean is that which is dead, dull and staid, for it is worthless and costly advertising. Character is different, and advertising that has character, which is based upon sincerity, upon human interest in your fellow man and upon a certain introduction of the personality of the advertiser is certain to obtain successful results. It may be dignified to send a long, involved letter, replete with hedge clauses, etc., etc., to a list of investors, but this alone won't bring orders. A soundly conceived, humanized mail approach which is tied in with the coordinated efforts of the sales force can be replete with character, and in addition it will SELL.

Point No. 3—A direct mailing should have objectives. They should be divided into classifications. For instance:

(a) Follow-ups for regular customers and active prospects.

(b) Mailings particularly adapted toward securing business from specialized accounts, viz., municipal buyers, institutional accounts, buyers of particular industry securities, such as rails, utilities, insurance stocks, etc. This is the work of the coordinator between the sales organization and the mailing and advertising departments. It is of fundamental importance in achieving success. Why should an ultra-conservative buyer of municipals receive a letter advising the purchase of a non-dividend paying speculative common stock, and yet this happens almost every day in the securities business.

Likewise, every salesman should know which of his active accounts and prospects are receiving the advertising, also the date when it is sent to them and the contents of the message. After all, it is the salesman's customer, and he is the only one who has to take care of his customer's needs. The firm can only back up the salesman, and this is the proper and most effective method of increasing business.

Unless the salesman can personalize and direct the advertising department's efforts in this respect, the entire campaign falls apart and much of its effectiveness is hampered and destroyed.

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Market Quotations and Information on all California Securities

Ohio Municipal Comment

(Continued from page 2856)

cluding Federal income taxes, upon the same "general rule" that exemption from taxation does not extend to public property used in a proprietary function? Already questions have been raised as to the possibility of levying the 3% gross receipts tax on publicly owned utilities in Ohio, as a result of this decision. If these publicly owned utilities are to be subjected to the same state taxes as are privately owned utilities, on what grounds can it be claimed that these same proprietary activities of the state's subdivisions cannot be held subject to the same Federal taxes to which privately owned utilities are subject?

There is even yet a further problem posed. If all these activities are held to be merely proprietary functions, and not "for public purposes," what is to prevent the U. S. Treasury from claiming that the famous doctrine of reciprocal immunity from taxation (as between the Federal and State Governments) does not extend to "proprietary functions," and that, therefore, the bonds sold by municipalities and states to finance such proprietary activities can be subjected to Federal income taxes. One may then become involved in the claim that the Federal Government also is engaged in innumerable proprietary functions, and such activities, and the means of financing them, would be subject to state and local taxation.

The Need for Limiting Application of the Decision

Certainly it seems obvious that the problems raised by this decision of the Ohio Supreme Court are so extensive that the Court should see the wisdom of at least clarifying the application of the decision. The opinion itself gives grounds for hope that the court would favor limiting the application of the "general rule" enunciated above.

The majority opinion states "Unfortunately the decisions of this court have departed at times from the principles announced . . ." as the "general rule" that public property used in a proprietary capactiy is not entitled to exemption from taxation. Elsewhere the opinion reads "if the general rule as stated in Cyc. and Corpus Juris were applied that would make an end to this phase of the case, but in Ohio that general rule has not been always followed." "In the decisions of this court there has been no deviation from the conclusion that a municipality in the operation of a public utility, whether it be a light and power plant, a waterworks, a railroad, a bus line or an airport, is engaged in a proprietary and not a governmental function . . . yet light and power plants, waterworks, and airports when municipally owned and operated have been held exempt from taxation. Therein lies the conflict between the general rule and the Ohio cases."

In other words, it seems obvious that the court in this case decided to apply to the Cleveland Transit System an alleged "general rule" that public property used in a proprietary function was not tax exempt, while this same "general rule" had not previously been applied to other admittedly proprietary activities, such as "light and power plants, waterworks, and airports." Possibly to find a justification for this different treatment of the Cleveland Transit System, the court mentioned two facts applicable in this case.

Is Profit the Criterion?

In the first place, the court pointed out that the operations of the City of Cleveland in this case had been quite profitable. The opinion then states "We think that is cogent evidence that the city has entered the field of private competitive business for profit." "By all the applicable tests it must be concluded that when the city assumed the ownership and operation of this transit system it divested itself of its sovereignty **pro tanto** and entered the field of private competitive business for profit; . . ." Is one to assume that whether or not public property used in a proprietary activity is taxable depends upon whether or not that activity is profitable, or upon whether or not the activity is quite profitable? Frequently such proprietary activities are profitable during certain periods, unprofitable during others, and profitable in varying degrees in most periods. Is property so used to be subject to taxes when profitable, and tax exempt when not profitable, or only taxable when quite profitable? It might be hoped that a sounder basis than profit may be found for distinguishing between those proprietary functions which are to be taxable and those which are not.

Is Revenue Financing the Criterion?

In the second place, the court referred to the fact that the city of Cleveland had paid for the Transit System through the sale of bonds which are payable solely from the revenues of the System. The opinion states "The property here in question was not purchased with public money. The city is in no way liable for the payment of the mortgage revenue bonds or for the maintenance of the property." Is one to assume that whether or not a proprietary function is taxable depends upon whether or not it was financed by mortgage revenue bonds? Frequently these functions are financed by means of both revenue and general obligation bonds. Would functions so financed be considered taxable or tax exempt? Frequently a city is already engaged in a proprietary function without any debt outstanding against such activity, and an extension is financed through the issuance of revenue bonds. In such a case is all property so used to be taxable, or is only that part added by the extension to be taxable? Frequently the original venture is financed by revenue bonds, but necessary additional funds are later obtained through the issuance of general obligation bonds. Into what category, taxable or tax exempt, would such a function be placed? It might be hoped that a sounder basis than the means of financing might be found for distinguishing between those proprietary functions which are to be taxable and those which are not.

The court observed that "if a municipality can engage in the ownership and operation of a transit system, which is a private competitive business for profit, and claim tax exemption upon the real and personal property used in connection therewith, it follows that a municipality can engage in every conceivable kind of business and likewise claim tax exemption." It would seem advisable, in these days of ever-expanding governmental activities, both proprietary and parental, to construe the granting of tax exemption to such activities quite strictly. However, from the above comments it would also seem advisable for the court to define more clearly and definitely just where it will draw the line.

Moreover, it seems that the clarification of the problems posed by this decision rests more with the court than with any other body, more than even with the possibility of legislative acts to state more clearly and definitely what is to be taxed and what is not. In its opinion the court differentiated between the real property and the personal property of the Cleveland Transit System. The opinion held "that under such a state of facts the General Assembly, under the Constitution, could not . . . authorize tax exemption of the real property, used in such enterprise." The opinion held further "that while under the Constitution the General Assembly could, it did not exempt from taxation the personal property so used."

In other words, as long as this decision stands unchanged or unclarified, it would appear that the General Assembly (which is about to adjourn for this two-year period) could pass legislation to clarify what is "public property used for a public purpose," as applied to personal property, but it would be necessary to amend the Ohio Constitution to clarify the status of real property.

It is stated that an application for a rehearing has been made to the Ohio Supreme Court—and it is devoutly to be hoped that such a rehearing will be granted, if to do nothing else but clarify the application of the decision.

Savings Banks in Brooklyn, Queens, Nassau to Observe Saturday Holidays During Summer

In line with the general trend, as evidenced by the actions of retail stores and numerous other business organizations, a majority of the savings banks in Brooklyn, Queens and Nassau will not be open for the transaction of business on Saturdays during July and August and on Sept. 1.

The announcement was made by Adam Schneider Jr., President of the Roosevelt Savings Bank and Chairman of Group V Savings Banks Association. Mr. Schneider stated that the banks which will observe the Saturday holidays are prepared to extend every facility to care for their depositors' and customers' banking needs during other days of the week. Banking laws of the State of New York permit a five-day week for Savings banks during the summer months. Regular banking hours will be in effect from Mondays through Fridays.

Mail for Yugoslavia

Postmaster General Walker, it was made known June 23 by Postmaster Goldman in New York, has announced that, effective immediately, non-illustrated post cards, letters not exceeding two ounces in weight, and printed matter up to one pound in weight will be accepted for mailing to Yugoslavia. The postage rates are those in effect prior to suspension of service to that country. The advices state: "The printed matter service for Yugoslavia is restricted to periodicals and newspapers mailed directly by a publisher in this country to a publisher, agent or subscriber in Yugoslavia. Also, other articles conforming to the conditions applicable to printed matter, mailed directly by a publisher or commercial firm. Forwarding or remailing any article of printed matter for Yugoslavia is prohibited. Publications containing technical data must comply with the licensing requirements of the Foreign Economic Administration. Registration, money order, air mail, and parcel post services are not available at this time."

OPA—To Be or Not To Be?

(Continued from page 2850)

sincere desire on the part of the nations there represented, to outlaw war for all time. This calls for a true willingness to sacrifice much and "with firmness in the right, as God gives us to see the right . . . to do all which may achieve and cherish a just and lasting peace among ourselves, and with all nations." Peace among ourselves can be attained by means of wisdom and unselfishness in all phases of our political, economic, social and religious life, not only in the realm of government, but as well in our dealings with our fellow man at home and abroad.

New and better plans for a brighter and better world must be our constant aim; a manifestation of an earnest wish to trust and help our neighbor, rather than an attitude of superiority and suspicion. We are inclined to believe that this attitude of distrust has been the cause of no small part of the difficulties encountered in the enforcement of many regulations formulated by the very numerous appendages to our national government. Regimentation by theorists and dreamers is not an acceptable form of government in a land that has prided itself on its freedom of speech and action and where individual initiative was respected and honored. Oh no, we have no thought of attempting to correct a crook by application of the shorter catechism; but, on the other hand, we do not lose sight of the fact that fat-head philosophy may easily incite to felony.

The San Francisco Conference is a good beginning, but it must be only a beginning if lasting good is to be accomplished. In this critical period of readjustment we must approach every question of governmental action, bearing in mind the basic truths we have endeavored to present, briefly to be sure, but with a reasonable degree of lucidity, we trust.

We have been asked to express an opinion of the advisability of continuing the activities of the OPA with its rationing and price fixing after the war ends.

Confusion Worse Confounded

If we knew OPA in theory only, doubtless we would heartily urge that it carry on into the post-war era. We would have every reason to believe that it might function in an intelligent and reasonable manner. But, knowing it and its activities during the past months, we can expect little more than confusion worse confounded in the very critical period of reconversion and readjustment.

In justice to OPA and, indeed, to many more of the several thousands of the alphabetical agencies, bureaus, commissions, etc. with headquarters in Washington, D. C., and branches throughout the nation, it is next to impossible to render efficient service. Very rarely can any one of them be quite free and independent in its decisions and actions. Naturally this results in the confusion and misunderstanding, of the bureau, and more definitely so of the citizen or citizens involved, and a great loss of time. By way of illustration, though hardly necessary, we are advised that approximately twenty of these commissions have something to do with sugar, and among them is OPA, as we all have very good reason to know. By a rather recent report we are advised that there are ninety-six bureaus and departments engaging in real estate transactions. Here again OPA functions quite actively at times.

To be or not to be—That is the question as it pertains to the OPA at this writing.—Whether the lower house of Congress will follow the Senate and vote to extend this bureau with its various and varying functions, for another year.

We do not, in this very critical and dangerous period of our national life, by all odds the most critical in its history, consider at all or have in mind, in connection with the liquidation of OPA as costly as it is, anything whatsoever pertaining to taxes. Though a revision of the whole tax system at an early date is quite necessary if our industrial and economic life in general is to be restored to a normal and wholesome condition, excess taxation would be a very low price to pay during the period of reconversion if this in and of itself could give to the nation the safety and security it seeks.

Judging the future by the past, we cannot believe or even imagine, that OPA could carry through the reconversion period with its price fixing and rationing practices and accomplish the job in a wholly business-like manner or in a reasonable length of time. We repeat that OPA in and of itself might do the job expeditiously and thoroughly, but cross currents of thought and clashing of plans, with appeasement of one interest or individual and cracking down on another,—the old, old story over again in befuddled conglomeration of offices, bureaus, commissions, etc., certainly leads one to believe the final result might well be anything but helpful and genuinely beneficial.

If the whole inside story of war jobs and contracts and "understandings" and adjustments from Pearl Harbor to the final collapse of Japan should ever be written. there would doubtless be many somber and sorry pages in our national history. How avoid all of this? Of that we shall speak a little later.

Doubts Regarding OPA

We, and in that plural we are not speaking editorially, but including many thousands who think and feel as the writer does, were quite relieved of mind and greatly encouraged when it was believed that our President had let it be known that he was not of the opinion that OPA could handle, in the best possible manner, the enormous part it had anticipated having, in reconversion price fixing and rationing.

There seemed to be no question as to how the Senate stood in this matter. For weeks OPA had been very harshly criticized by many prominent senators. Their ill will was directed especially toward the crowd in the OPA set-up that does the technical, but very important work in the lower divisions of the organization. This is the group, we almost said gang, that clings tenaciously to its ideas of regimentation of business, and constantly imposes restriction on sound business principles and practices. Theory, rather than wisdom gained by years of experience, all too frequently guides them in their planning, and the result of it all is the development of a condition so unusual that it can be worked into the existing over-all plan with extreme difficulty, if at all. While they theorize, black markets flourish and their operators wax fat. It seems only fair to ask why OPA has not taken the black market growth more seriously. Some investigations have been made and some individuals or firms convicted. The substitution of theory for fact and a resultant fanciful puzzle for a reasonable plan is all too prevalent in more than one of the many active bureaus.

Almost in the midst of and, seemingly, as an interruption to the general criticism of OPA by the Senate, that august body changed its collective mind and voted to extend the power of that bureau for another year. Why this rapid change of attitude? Inquiry discovered the fact that considerable thought and very considerable effort had been put forth by a committee of the Senate in formulating a new set of rules whereby OPA should be guided in the correction of its many defects. It is not improbable that the discovery by said committee that the job it had undertaken was, to say the least, an extremely difficult, if not an impossible task, had prepared the minds of the committeemen, and others, for the rumor, just made public, that some important changes in OPA were under consideration.

Is OPA Reorganization Under Way?

It is believed that the administration has under serious consideration some drastic changes in, if not a complete reorganization of OPA. Such action, at this time, seems quite necessary but it must be a pretty thorough housecleaning if any lasting good is to result. Whether definite assurance of reorganization, even to the extent of supplanting Mr. Bowles and Mr. Brownlee, will re-establish confidence in the minds of businessmen generally throughout the nation is yet a question. Possibly a majority of the Senators are yet slightly dubious.

What the House will do when the Continuance Bill Reaches it is now the question. Many members of the House feel as keenly as do the Senators that OPA must be quite generally overhauled and made much more reasonable in principle and much clearer and more definite in regulation than it has been if it is to function with any degree of success during the period of reconversion. It is quite reasonable that the House should ask to be somewhat generally advised about the contemplated set-up and personnel involved before taking the very important and serious step of acting favorably on the Continuance Bill. This does not, in our judgment, show any lack of confidence in our Chief Executive. Indeed, it is our conviction that the Administration would welcome the cooperation of House members in this extremely important matter, and that it may be sought by Mr. Truman.

Wordy phrases and fanciful theories must not, and we frankly believe will not, be used in a further attempt to regulate and regiment business. The time has come when business, big and little, should have the full measure of confidence it has so fully proved that it deserves. Dishonesty here and there to be sure, nor could anything else be expected, and it has not all been by black market practices by the lowly, unknown and unhonored citizen. We are all human and this is a result, but business in general has carried on nobly and efficiently. Confidence and every possible assistance by government must be expresed and rendered or many idle plants and hundreds of thousands of unemployed will result. Hearty cooperation with business, big and little, will do much to restore confidence and a feeling of pride in our citizenship. A greatly improved OPA would help to do this, and thus hasten the day when an honest citizen is free to chart his own course and, in full measure, direct his own business without fear or favor. We can think of but one better plan whereby this could be accomplished. Of this a little later.

OPA and Inflation

We fear inflation and rightly so, but whether inflation to any serious degree has been or is being experienced, is quite difficult to ascertain. The OPA is hardly the most worthy judge of that condition, yet it is from this organization that much of our information comes. In the last analysis, it is our belief that a careful and un-biased analysis of the increased cost of living during the past few years, which condition is so frequently discussed with and related to inflation, may be traced, in no small measure, to government agencies. This, not alone because of decisions they have reached pertaining to wage scales and related matters both civil and governmental, but in equally large measure because of the establishment of and maintainance of the thousands of bureaus and their affiliates, with total pay rolls running into millions and the very large majority of these on wage and salary scales considerably above the average. OPA is not the least prominent in this connection.

Our especial interest in these rambling remarks has centered in OPA and its continuance through the period of reconversion. Can business be made to feel safe in going forward with the plans that must be carried out, if our economic life is again to be wholesome and secure?

A Reorganization Plan

"Jobs" as a political slogan was one thing—"Jobs" as a means of livelihood for the many, many thousands of returning service men as well as to the many thousands who shall have to change from production for war to production for peace is entirely different and of much greater importance. To us, what seems a wiser plan suggests itself,—the immediate liquidation of OPA with its galaxy of New Deal theorists with their varying ideologies and convictions, and hundreds of thousands of assistants, and the substitution therefor of an over-all committee of reasonable size, of carefully chosen, intelligent, experienced and successful businessmen, this committee to formulate plans for and direct all phases of reconversion; be given power to appoint necessary assistants and be responsible to the President and the Congress. This plan would avoid all the delay and confusion and uncertainty now so very prevalent, and often so very harmful, in administrative affairs. Such a plan seems to us a wholly practical and wise procedure.

With that as a starter we would presume to hope that President Truman and the Congress, in the same harmonious collaboration that has been so in evidence during the past weeks, would, as rapidly as possible, terminate the activities of a large majority of the bureaus and commissions that are of very limited service or value, and reorganize the others to carry on such activities as are essential.

Such action by our President and the Congress would be the best possible evidence that the present administration is desirous of restoring the democratic form of government of which our nation has been justly proud for more than a century and a half. Furthermore, it would afford the best possible evidence that we recognize at its full value the service that has been rendered and will yet be rendered by the millions, past and present, who have and will have offered their all that America and the American ways of life and liberty and justice may be restored and perpetuated.

A few months more and World War II will have been brought to an end. World peace is our next great goal. With God's help that too may be reached if the nations so desire.

We have been richly blessed, and we have been gloriously unselfish in our dealing with other nations, for the help afforded was not alone in implements of war. We too have been sorely chastened and we realize that the burden of sorrow and loss will continue to increase. May we not, as a nation, rededicate ourselves in holy faith to the maintenance of the highest and noblest principles of government. We quote again, enlarging upon that with which we began, "With firmness in the right, as God gives us to see the right, let us strive to finish the work we are in; to bind up the nation's wounds; to care for him who shall have borne the battle, and for his widow and his orphan, to do all which may achieve and cherish a just and lasting peace among ourselves and with all nations."

What About Taxes?

(Continued from page 2850)

are what are causing the trouble and may be a real factor in causing unemployment. Congressmen should insist that these excess profits taxes are eliminated as soon as possible with a fair compromise on normal taxes.

Some of the remaining New Dealers in the Administration are talking about the entire elimination of corporation taxes and putting all the tax burden on individuals after they receive their dividends. Their theory is that with the present high corporation taxes the small investor is taxed on his careful savings the same as is the multimillionaire. Hence, they would let all dividends come through from the corporation without taxation and then tax these dividends as they are received by individuals. The small innvestor would then pay only, say a 20% tax; while the millionaire would pay a 90% tax.

Political Considerations

President Truman is an honest man. Furthermore, he is thrifty and sincerely hopes to balance the budget before he runs again for office in 1948. He can so balance the budget only by keeping up taxation. Hence, I am not as optimistic as some of my friends in believing that there will be radical tax reductions after Japan collapses. "We should hope for the best, but prepare for the worst." At least this is my conclusion at the present time. The only possible exception is in the case of corporations whose stock at market prices represents actual cash invested. There may be exemptions to the extent that the book values of corporations and the actual cash invested are represented in the assets.

Finally, let it be remembered that although President Truman is both honest and thrifty, he has been well-trained in the school of politics. Although he may turn neither to the right nor to the left, yet he may perform that acrobatic feat which the tightrope walker with the long pole performs at the circus. Instead of following any one pressure group or ignoring any other one pressure group, he will throw a few crumbs to each pressure group. THIS MEANS WHEN IT COMES TO TAXES THAT ALL FORMS OF TAXES — EXCESS PROFITS, NORMAL CORPORATION, INDIVIDUAL AND SO-CALLED "NUISANCE TAXES" —MAY ALL BE REDUCED PROPORTIONATELY "GIVING EVERY DOG A LITTLE BITE."

FIC Banks Place Debs.

A successful offering of two issues of debentures for the Federal Intermediate Credit Banks was concluded last week by Charles R. Dunn, New York, fiscal agent for the banks. The financing consisted of $15,030,000, 0.85% consolidated debentures dated July 2, 1945, due Jan. 2, 1946 and $22,980,000, 0.90% consolidated debentures dated July 2, 1945 and due April 1, 1946. Both issues were placed at par. Of the proceeds, $30,010,000 are to be used to retire a like amount of debentures maturing July 2 and the balance, $8,000,000, is for new money purposes. As of July 2, 1945, the total amount of debentures outstanding will be $272,475,000.

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Municipal News & Notes

If the outcome of the bidding for the $15,754,000 Oakland, Calif., offering may have been somewhat of a disappointment to the unsuccessful bidding groups, particularly the Halsey Stuart account, whose offer proved second best, it is clear that no such reaction was experienced by the city itself. This for the reason that the city was able to dispose of this sizable offering, with maturities running from 1946 to 1984, inclusive, on the extremely attractive cost basis of only 1.2824%.

Moreover the successful bidders, the joint account of the Bank of America National Trust & Savings Association, of San Francisco, and the Central Bank of Oakland, also had good reason to be pleased, particularly in view of the narrow, but nevertheless comfortable, cover of their bid over the runner-up offer. This latter tender, as already noted, was submitted by a syndicate headed by Halsey, Stuart & Co., Inc., and was based on a net cost to the community of 1.2824%.

As was anticipated, the city received a fine testimonial to its excellent credit rating, both with respect to the number of bids submitted for the bonds and the nature of the offers made. For example, in contrast to the 1.2824% cost provided in the second high bid, the third best proposal, presented by Blyth & Co., Inc., and Associates, figured a net cost of 1.297%. The two last bidders were accounts headed by the First National Bank of Chicago and the Harris Trust & Savings Bank, Chicago, the offering terms being equivalent to net interest costs of 1.32% and 1.375%, respectively.

Purpose of the Oakland financing was to provide funds for the following purposes: $5,311,000 for a main library building; $4,950,000 for street improvements; $1,763,000 for four branch library buildings; $2,707,000 for a Hall of Justice building; $600,000 for five swimming pools, and $423,000 for public playgrounds and other recreational facilities.

While all of this work is intended for the post-war period, the city decided to undertake the borrowing now because of the exceptionally attractive current market conditions. Proceeds of the bonds will be invested in United States Government securities until such time as materials and manpower are available to carry out the improvements and projects contemplated.

Other Recent Sales

Financing by California School Districts has been done in rather large volume in the past few weeks, with the latest contribution being made by school units in Riverside County. The amount involved in this deal was $1,500,000, with the successful bidder being an account composed of the Security-First National Bank and R. H. Moulton & Co., both of Los Angeles.

Among other important new issue sales recently were awards made by a group of taxing units in the TVA area (five in Tennessee and one in Virginia), the purpose of which was to permit of municipal acquisition of the facilities now owned and operated in the various localities by the East Tennessee Power & Light Co.

The largest issue, $2,303,000 for Johnson City, Tenn., was awarded to a syndicate headed by the Equitable Securities Corp., Nashville, with the second largest, $1,303,000 Bristol, Tenn., being purchased by Blyth & Co. and associates. The latter firm also headed accounts which obtained the issues of $900,000 by Greenville, Tenn., and $425,000 by Erwin, Tenn.

Syndicates headed by Shields & Co., bought the offerings of $1,250,000 by Bristol, Va., and $820,000 by Elizabethton, Tenn.

Now in Prospect

Scanning the list of offerings currently in prospect over the next few weeks we find that the principal candidates are the cities of Memphis, Tenn., and Pittsburgh, Pa. The former is scheduled to open bids July 10 on an issue of $2,000,000 schools, due 1946-1975, and Pittsburgh will act July 19 on offers submitted for $1,500,000 bonds for new capital purposes, maturing from 1946 to 1965, inclusive.

Large Offering Canceled

The proposed sale on June 27 of an issue of $1,000,000 water revenue bonds by an important Southern community was canceled as a result of the reaction to the projected operation in municipal bond circles. The city canceled the offering after being apprised of the irregular purpose of the undertaking which, according to report, was predicated solely on the interest differential obtaining between tax-exempt municipals and taxable governments.

The proposed issue was to have a maturity similar to that of Federal 2½s of 1972-67 and it was stated in the notice of sale that the city issue was to be "additionally secured by a pledge of $1,000,000 principal amount of United States Treasury bonds, which will be held in trust for the security of the bonds and the coupons."

Financing Plan for San Francisco's Post-War Program Recommended

Judging from the amount of material on the subject in the press and in reports, etc., there is hardly a State or municipal subdivision, regardless of size, that is not engaged in formulating plans for post-war consummation of a variety of improvements to existing municipal plant facilities and the construction of new projects.

In not many instances, however, do we find any provision made, or consideration given, to a specific method for payment of the suggested bond issues which are intended to finance these programs. The significance of such omission will, of course, be readily apparent to those identified with the purchase and distribution of State and municipal bonds. One outstanding exception to the general rule, however, is the City and County of San Francisco, Calif., and the evidence of this is contained in a report just come to hand. This document constitutes the results of a study made by an adjunct of the Coast City's Citizens' Post-War Planning Committee, which was assigned the task of suggesting the best possible method of financing the municipality's proposed peacetime improvement program.

The committee, headed by Leland M. Kaiser, of Kaiser & Co., San Francisco, concerned itself primarily with the manner in which the possible $70,000,000 of general obligation bonds are to be retired, without jeopardizing the present favorable position enjoyed by the city over neighboring communities insofar as the tax burden is concerned.

Accordingly, the Committee "discarded the property tax as the major source of revenue to finance the post-war construction program" and then investigated a number of potential sources of municipal revenues which could be employed. In order to facilitate early completion of its report, the Committee assumed the projected improvements would necessitate the issuance of $70,000,000 general obligation bonds, debt service on which, based on current interest rates, would amount to $3,600,000 annually.

To provide for the carrying charges, the committee has recommended that $2,400,000 be derived from amusement and business license taxes, and the balance of $1,200,000 from a 15-cent property tax. To assess the burden wholely on real property, the committee noted, would require a tax of 43 cents per $100.

It also suggested that the $3,600,000 of revenue be earmarked exclusively for debt service on the indicated $70,000,000 bonds and that any surplus in excess of six months' debt requirements be used to retire bonds prior to maturity. This would call for at least part of the bonds being subject to call at par within two years from date of issuance.

The committee also recommends that all of the proposed bond issues for post-war improvements (including the $15,050,000 already approved by the elctorate), be sold en bloc and as soon as possible and that the proceeds be temporarily invested in United States Treasury bonds. The rate on Federals, the report pointed out, will approximate the rate on the bonds sold by the city, and "the opportunity to obtain such a low cost on municipal borrowing may not be presented in the post-war period."

Other suggestions included establishment by the city of a Capital Improvement Fund, as recommended by City Controller Harold Body and patterned after the highly successful plan initiated many years ago by the City of Milwaukee, Wis. The Committee referred only briefly to the contemplated post-war improvements to the city's municipally-owned transit and water systems, although it recommended that these facilities be made fully self-supporting insofar as both maintenance and operating costs and debt service charges are concerned.

Omaha to Retire an Additional $666,000 of Utility Debt

With the redemption on July 1 of a further $666,000 bonds, the City of Omaha, Neb., will have increased to $4,526,000 the amount paid of the original $5,000,000 5% issue sold in July, 1920, in connection with its acquisition of the former privately-owned gas plant. The system is operated under the direction and management of the Omaha Metropolitan Utilities District.

The remaining $435,000 bonds, after the July 1 payment, will constitute the only outstanding indebtedness of either the city or the Metropolitan District on the municipally-owned water, gas and ice plants, total assets of which approximate $30,700,000 before and $23,400,000 after deduction for depreciation.

New Georgia Constitution Extends Scope of Local Debt Issue Authority

The new constitution for the State of Georgia, which was approved by the Legislature this year and is to be considered by the electorate at a special election in August, contains several provisions of particular interest to the municipal bond fraternity.

Under the new document, reports the American Municipal Association, political subdivisions are permitted to contract among themselves for exchange of services; bonds may be issued on the approval of a majority of registered bonds in an election; a 3% additional bonded debt may be incurred for emergency purposes, but it must be retired within five years; counties and other municipal units may issue revenue bonds to build or acquire electric and gas properties, and the legislature is authorized to provide methods for merging county and city governments.

Other changes increase the local school tax limit from 10 to 15 mills and abolishes more than 1,000 local school districts, as well as prohibits the establishment of any new independent city school systems. Objective of the latter proviso is to make the county the school unit.

Business Man's Bookshelf

American Trade Policy and Position—An Outline of Principles—Herbert Feis—American Enterprise Association, Inc., 4 East 41st St., New York 17, N. Y.—paper—50c.

Bogey of Economic Maturity, The—George Terborgh—Machinery and Allied Products Institute, 221 North La Salle Street, Chicago, Ill.—cloth—$3.00.

Postwar Possibilities of the Meat Packing Industry—E. W. Axe & Co., Inc., 730 Fifth Avenue, New York City—paper—40c (free to public libraries and nonprofit institutions).

Trade Agency for One World, A—Eliot Grinnell Mears—Citizens Conference on International Economic Union, 370 Lexington Avenue, New York 17, N. Y.—paper—50c.

What Economic System for America?—Charles J. Brand, Investment Building, Washington 5, D. C.—cloth—$1.50.

Hayward in Bellingham

BELLINGHAM, WASH.—Francis C. Hayward has opened offices in the Bellingham National Bank Building, to act as an investment dealer. Mr. Hayward was previously with Grande & Co., Inc.

Ohio Brevities

(Continued from page 2856)

was won by Aard Ady of United States National Bank of Portland, Oregon, and fourth prize of $100 went to Wilfred G. Bruze of Highland State Bank of Dallas, Texas.

The principal speaker at the meeting was W. Randolph Burgess, president of the American Bankers Association and vice-chairman of the board of National City Bank of New York, who declared a plan for Great Britain's recovery must be the heart of any "positive world financial program."

"In any survey of postwar economic problems all roads lead back to England. For Britain has been and is a center of world trade and finance on which many countries depend. A strong England to hold this trade network together is a direct advantage to the United States," he said.

* * *

Harry E. Foster has been appointed treasurer of B. F. Goodrich Chemical Co. of Cleveland and assistant secretary of B. F. Goodrich Co. Mr. Foster, who has been with Goodrich for 28 years, will continue to direct the production and sales accounting work for the company's main office at Cleveland, the Geon polyvinyl resins plants in Niagara Falls and Louisville, Ky., a chemical plant in Akron, and three government-owned synthetic rubber plants operated by the company in Port Neches and Borger, Texas and Louisville.

* * *

Effective Sunday, Clarence W. Newman becomes industrial analyst of the C. & O. railway, with headquarters at Huntington, W. Va. He has held the post of director of research of the Virginia State Chamber of Commerce.

* * *

Loring L. Gelbach, president of Central National Bank of Cleveland, is now a director of Brewing Corp. of America, President James A. Bohannon announced.

Mr. Gelbach has been in banking nearly all of his business career, excepting several years with the Reconstruction Finance Corp. in Washington and Cleveland where he was local manager until he joined the bank as vice-president in 1937.

* * *

H. S. Harrison has been chosen treasurer of Cleveland-Cliffs Iron Co. and Cliffs Corp. The former treasurer was the late Lieutenant Colonel James L. Luke, who died while in service.

Mr. Harrison joined Cleveland-Cliffs in 1937 and was elected assistant treasurer in 1940. Prior to that he was with Central Hanover Bank & Trust Co. and Lionel D. Edie & Co. of New York.

* * *

W. H. Robinson Jr. is the new manager of General Electric Co.'s Lamp Department advertising division with offices at Nela Park, Cleveland.

The advancement climaxes 20 years of experience in lamps and lighting. He succeeds the late H. Freeman Barnes who directed G.E.'s lamp promotion and advertising activities.

Mr. Robinson is a native of Boston, attended Massachusetts Institute of Technology where he received his Bachelor and Master of Science degrees. He has served General Electric from coast-to-coast, coming to Nela Park in 1942 to direct electronic tube production for radar and other military needs.

Ward Opens Office in St. George, Staten Island

Ward & Co. has opened a branch at 36 Richmond Terrace, St. George, Staten Island, N. Y. Henry A. Seesselberg has been made manager of the new office.

Don't Change the Treaty-Making Power

(Continued from page 2846)

the Convention of 1787 vested the treaty-making power with the President and Senate exclusively. This has been explained by one of our great diplomats, John Jay in the Federalist, No. 64. He points out that in the conduct of foreign affairs it is of the highest importance that they be not intrusted to a popular assembly, "composed of members constantly coming and going," that "such a body must necessarily be inadequate" to that attainment of valuable results which "not only talents, but also exact information, and often much time, are necessary to concert and execute."

The Passage of Ordinary Legislation—When a bill is introduced into one of the Houses of Congress, after certain procedure it is brought up for a vote. There is then an opportunity for debate (sometimes very brief and inadequate in the lower or popular House), and a vote is taken. If it receives a majority, however small, it goes to the other House for consideration. If it there secures a majority of the votes (assuming that no amendment has occurred to delay passage) it is sent to the President for his approval. If he approves and signs it, it at once becomes a law of the land. If he disapproves, he returns it to the House where it originated, giving his reasons for disapproval. Congress must then reconsider it, and it must secure a two-thirds vote of each House before it can become a law. Thus the President has the power to compel Congress to think twice before they take the serious step of promulgating a rule of action for more than one hundred million people. Nearly all the States of the Union have thought so well of this plan as to adopt it, though sometimes with modifications as to procedure.

The Ratification of a Treaty Is the Converse of This—When we come to treaty-making, we see the rule in the reverse. Only one man in the United States can initiate relations with foreign governments. That man is and ought to be the President. He is at liberty to make plans for agreements with another nation or nations respecting some matter of importance. The negotiations may consume much time. But when the diplomats have finally agreed upon something, our President must send the proposed treaty to the Senate for approval. It is the Senate that now holds the veto power. While the Senate must wait for the President to send them some form of treaty which he would like adopted, yet their power of rejection is sufficient to compel him to be careful. He needs no veto power because what he sends them is his own making the President, through his plan. But just as in ordinary law-veto, is worth two-thirds of the voting power of Congress, so now the President must have at least two-thirds of the Senate's votes, if there is opposition to his proposed treaty. A simple majority will not suffice.

The Necessity for a Two-Thirds Vote of Approval—A very brief reflection on the tremendous influence which a President of the United States can nearly always exert is sufficient to show the wisdom of requiring an approval of a treaty by something more than a mere majority. Ordinarily a President is able to command a generous, sometimes a thoughtless and almost servile and unhealthy support of almost any program he espouses. The number of places of profit or honor which it is in his power to bestow, his control over expenditures of public money, and the general desire of members of his party, or even of the opposition, to stand well with him—all these things and others of a kindred sort tend to give the President such an influence as is possessed by hardly any other potentate in the whole world. In England, the vast influence of the Crown has been a subject of serious reflection. Sir Erskine May, in his Constitutional History of England, devotes many pages to this very important question. But even the influence of a Sovereign of England (surrounded as he is with a halo which no American President would desire) can hardly be matched in the scales against the power which recent developments have given to the occupant of the White House. We know to our cost that our Congresses have often seemed to forget that they possessed any independent thought or action. A nod from the President was all they needed. To make the ratification of a treaty with a foreign government depend upon a mere majority vote of either House of Congress would, therefore, be perilous. It would often mean that any treaty which a popular executive might send to Congress would be approved, unless it contained something intensely objectionable.

Foreign relations ought to be controlled by a body representative of the nation as a whole. In his able and learned work on Constitutional Government in the United States, Woodrow Wilson says in chapter 5, at p. 114:

> What gives the Senate its real character and significance as an organ of constitutional government is the fact that it does not represent population, but regions of the country, the political units into which it has, by our singular constitutional process, been cut up. The Senate, therefore, represents the variety of the nation as the House does not. It does not draw its membership chiefly from those parts of the country where the population is most dense, but draws it in equal parts from every state and section.

Again, at p. 116, he says:

> There can be no doubt in the mind of any one who really sees the Senate of the United States as it is that it represents the country, as distinct from the accumulated populations of the country, much more fully than the House of Representatives does.

These words, coming from an acute and learned scholar, who himself reached the highest place in the gift of our country, ought to command special attention. Our House of Representatives has so much business nowadays that it can hardly give anything like the necessary time for discussion of even very important matters. In large measure, the House has ceased to be a deliberative body, leaving discussion to go on within its committees. In the Senate, things are far otherwise. That body has steadily maintained the importance of free and general debate. In this respect, nothing could be better for the consideration of so serious a thing as a measure of foreign policy. There is deep truth in the maxim that what is done in haste is repented at leisure. The House of Representatives is necessarily and increasingly becoming unsuitable for passing upon treaties. How can a body composed of over 400 members give a chance for much debate? Many of these gentlemen come from remote districts, and have never given any serious thought to foreign affairs. They are ignorant of the foreign policy of a single foreign country, say England or France.

The Danger of "Manufactured" Popular Pressure—There is additional reason today for not intrusting the ratification of a treaty to a mere majority vote in both Houses of Congress. The power to "work up" or "manufacture" sentiment for or against a measure has become very serious. Not only do newspapers possess great influence in a right direction, but they can also exert that same influence in a wrong direction. They can inflame prejudice, distort facts, and create an apparent popular desire for or against some proposal. In his learned work on the Origins of the World War, Professor Sidney B. Fay devotes a chapter to showing how it was within the power of newspapers in Austria and in Servia, during the years preceding 1914, to give such a recital of news, to so distort events, and so work upon popular feeling, as to create prejudice in either country to an extent where some conflict would be unavoidable. Since Professor Fay wrote, the coming of the radio has added to and intensified this opportunity for mischief. We would do well to remember the remark of Lord Beaconsfield: "The government of the world is carried on by sovereigns and statesmen, and not by anonymous paragraph writers, or by the hair-brained chatter of irresponsible frivolity."

Turn now to two interesting cases of treaties.

President Grant and the San Domingo Treaty—Early in his administration, President Grant was captivated by the plans of persons who wished the United States to annex to itself the little negro republic of San Domingo. On Jan. 10, 1870, he sent to the Senate a treaty designed to accomplish this. Even the influence of his great Secretary of State, Hamilton Fish, could not deter the General. But the Senate Foreign Relations Committee declined to be hurried into action. There was much sentiment in the country against such a plan. But Grant was a military man, accustomed to obedience. On May 31, he sent them a defiant message, urging ratification. He even resorted to strenuous and most questionable means to influence Senators. But the famous orator Charles Sumner, of Massachusetts, was violently opposed. At last on June 30, 1870, the vote was taken. There were 28 votes for the treaty, and 28 against it. The victor of Appomatox was beaten. Had the law required a mere majority vote in each House of Congress, there is a high degree of probability that emotion and sentimentalism would have carried the lower House, and, coupled with the President's influence, would have furnished one more vote in the Senate, turning the 28 into 29; for there were 16 members absent, paired or not voting. Who is there today that is not glad that Mr. Sumner turned his great influence against such a treaty?

President Washington and the Jay Treaty of 1795—We come now to a case where it was fortunate the House of Representatives was powerless to interpose in treaty-making. In 1794, President Washington felt obliged to send a special envoy to England to try to settle some exasperating and even alarming matters left over from the Revolution. John Jay was chosen for this thankless and difficult task. Pitt's government was ungracious, but Mr. Jay succeeded in getting them to make a treaty which, though far short of his own views and those of the President, was much better than no treaty at all. The Senate gave the necessary two-thirds vote, but an intense storm of popular indignation swept over the land. Foolish and extravagant things were said against the treaty, against Mr. Jay, against Washington himself. But the President after much deliberation signed the treaty and declared it the law. But when a motion was made in the House of Representatives to enact certain legislation needed to carry the terms of the treaty into effect, its opponents endeavored to defeat this. An intensely bitter and stormy debate followed, and but for a famous speech made by Mr. Fisher Ames, of Massachusetts, the enemies of the treaty would probably have won the day. So close was the vote in Committee of the Whole that only the casting-vote of the Speaker, Mr. Muhlenberg, saved the resolution. On final vote in the House, a majority of only three votes was cast for this tremendously needed law. The very fact that the treaty had actually been ratified by the Senate doubtless had much to do with securing the slender majority on final vote, because the honor of the country was really at stake. If the ratification had remained, in the first place, with the House of Representatives, there seems scarcely a doubt that the treaty would have failed. This might easily have meant a second war with England. But within a year after ratification, trade and commerce so increased that the opposition melted away.

The Case of the Treaty of Versailles—Our word about this celebrated treaty must necessarily be very brief. The circumstances were abnormal. President Wilson was proposing to abandon a rule of foreign policy that had stood for more than one hundred years, to which all statesmen and parties up to that time had given full devotion. Abstention from Old World affairs had become a rule of action that no one questioned. This rule the President suddenly proposed to abandon entirely. He was so far from acting upon any "advice" of the Senate, that he refrained from sending them the treaty until he could delay no longer. More than this, Mr. Wilson's attitude toward the Senate was defiant. His great friend and confidant, Colonel House, urged him, as late as June 29, 1919, to adopt a more conciliatory spirit. This Mr. Wilson failed to do: See Colonel House's Intimate Papers, Vol. 4, p. 486-7. Let it be remembered, too, that at the election of 1920 the country supported the rejection of the treaty, when they had a chance to vote at the polls. The President's own party presently ceased to make the approval of the League of Nations one of the strong points of their party platform.

The Seriousness of Treaties—We should not forget that a treaty is a far more serious piece of business than an ordinary statute, which we may repeal when we please. But a treaty, generally speaking, obliges us to give notice to the other party that we wish to terminate it. While Congress has the power to repeal or abrogate a treaty at any time, and has done so, yet decency and honor combine to protest against rude and irresponsible conduct toward foreign countries.

A Well-Founded Distrust of Majorities—We do not trust some of our most important business to mere majority votes. We are mindful that "minorities, since time began, have shown the better side of man." The vote of 11 men will not send a man to the electric chair; 12 jurors must agree. In an impeachment proceeding, two-thirds of the Senators must vote to find the defendant guilty. To secure an amendment to the Federal constitution, two-thirds of the members of each House of Congress must agree to lay the matter before the States for action. Three-fourths of those States must then agree to it before it becomes a part of the Constitution. We are so doubtful about the wisdom of a mere majority vote on ordinary laws, that we give the President a veto on all bills, so that not one of them can become a law without his approval, unless two-thirds of each one of the two Houses of Congress override that veto. Richard Henry Dana said to the Constitutional Convention of Massachusetts in 1853: "There is no greater virtue in a free people than the willingness to exercise self-restraint." Veto power, in either a President, a Governor, or a Senate, is a method of exercising self-restraint. Sir William Vernon Harcourt, the distinguished liberal statesman of England, after paying a high tribute to Washington and also to our courts for their decisions, used these words:

> "But an equal, if not higher reputation belongs to the archives of American diplomatic statesmanship at the close of the last and the beginning of the present century. The published volumes of American State Papers during the early years of the French Revolutionary War present a monument of dignity, moderation and good faith. They are repertories of statesmanlike principles and juridical knowledge."

We shall jeopardize this high standing if we change our old and well-tried rule as to ratifying treaties, and substitute a rule which will, only too often, mean almost no adequate consideration at all.

Deadline Extended on French Money Exchange

It was announced on June 25 that since many persons holding French currency and short-term bonds due for exchange or redemption under recent ruling, reside in places remote from appropriate Consular Offices, the time limit for deposit has been extended to June 30. Deposit must be made before the closing hour of the Consulate. The original deadline was June 24.

The complete text of the statement issued by the Financial Service of the French Embassy in Washington was made available on June 25, as follows, by the French Press and Information Service:

"It has been indicated previously that the French currency and short-term bonds which must be exchanged or redeemed were to be deposited with the appropriate Consular Offices not later than June 24th. In order to allow more time to persons located in places far distant from the appropriate Consular Offices, the French Embassy has been authorized to extend the time limit for such deposit.

"Consequently, it has been decided that the latest date for the deposit of French currency and short-term currencies would be June 30th at the closing time of the French Consular Offices."

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

C. Russell MacGregor, special partner in Auchincloss, Parker & Redpath, will retire from the firm as of June 20th.

Harold B. West, partner of Wood, Struthers & Co., died on June 21st.

Interest of the late Levin R. Marshall, who died June 9th, in the firm of Byfield & Co., will cease on June 20th.

Williams With Woololk

(Special to THE FINANCIAL CHRONICLE)

NEW ORLEANS, LA.—E. Bernard Williams has joined the staff of Woolfolk, Huggins & Shober, 839 Gravier Street, members of the New Orleans Stock Exchange. Mr. Williams was previously with Newman, Brown & Co. and Newman, Harris & Co. Prior thereto he was an officer of Anagnosti & Walker.

Bretton Woods Proposals Endanger Our Stability

(Continued from page 2849)

one malady has been diagnosed, the treatment prescribed extends to a wide range of others, real or alleged.

Whatever plan is approved by the United States will be almost wholly for the benefit of other countries. They are the ones that are in need rather than we ourselves. We are the great creditor country of the world. In spite of having spent probably more than all other belligerents—both allied and enemy—put together, yet, in our wealth, our initiative, practical imagination and resourcefulness, we are still incomparably the strongest nation in the world. All these other nations in varying degrees need our help. We are willing, as we always have been in the past, to help; but in considering any measure that will extend help, there is no reason why the United States should subject its fortunes or any of its freedoms to the tender mercies of any other nation or combination of nations.

I oppose the International Monetary Fund because:

1. It goes into matters that are little related to stabilization, parts of it seeming clearly designed to promote certain ideas about social welfare;

2. It seems in places needlessly complex. Its meaning is often obscure. It has the earmarks of concealing important purposes and meanings;

3. These Proposals in effect set up a superstate to which all nations including the United States will become subject. Their adoption might lead to the impairment of the economic and political independence of the United States. While provision is made for withdrawal, yet the withdrawal of the United States would wreck the project;

4. The Proposals are in certain respects gravely misleading in that they do not actually do what they purport to do;

5. The Proposals have been promoted by misrepresentation and their support has been aroused by fraud;

6. The Proposals have been promoted by the Treasury and State Departments through illegal use of the taxpayers' money.

* * *

1. The Proposals go into matters that are little related to stabilization.

Number 2 of the six "Purposes" is:

"To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income, and to the development of the productive resources of all members as primary objectives of economic policy."

Since dollars may be borrowed for this purpose, it is clear that all member nations thereby have the right to demand our dollars for any and all pump-priming or cradle-to-grave schemes claimed to be necessary to facilitate trade and promote employment. Everywhere political parties in power will demand our dollars to satisfy pressure groups and keep themselves in power. We would become guarantors of every impoverished nation's WPA, Beveridge Plan, or other social experimentation. We might even find ourselves financing armament programs to maintain "high levels of employment."

Lord Keynes, in recommending the Bretton Woods Proposals to the House of Lords, said:

"I am trying to write a new page . . . organize an international setting within which the new domestic policies can occupy a comfortable place. Therefore, it is above all as providing an international framework for the new ideas and the new techniques associated with the policy of full employment that these proposals are not the least to be welcomed."

In fact, the Australian delegation made a reservation that the Fund placed "too little emphasis on the promotion and maintenance of high levels of employment, and too much emphasis on the promotion of exchange stability. . . ."

The PAC, in an attractive little pamphlet entitled, "Bretton Woods is No Mystery"—one of the many publications by which busy Americans have assumed they were learning all about the proposed Agreement, said:

"As a matter of fact, anyone who has troubled to read the objectives and the general principles of Bretton Woods knows that they are easier to understand than the recipe for apple pie or the rules of gin rummy."

This statement, of course, is misleading, though no more so than many others that have emanated from other sources. The net effect, and probably the purpose, was to lure millions of persons into a belief that, as an article in "Collier's Magazine" of June 2 put it, the issue was "Bretton Woods or World War III."

I personally think it a fair assumption that many members of the House of Representatives were similarly lured. One Representative told me that probably not twenty out of the total House membership had ever read these Proposals; another that perhaps fifty or seventy-five had done so. Clearly a large part of the House voted for the Proposals, relying upon Mr. White.

2. The Proposals seem in places needlessly complex. Their meaning is often obscure. They have the earmarks of concealing important purposes and meanings.

Purpse Number 3 is:

"To promote exchange stability, to maintain orderly exchange arrangements among members, and to avoid competitive exchange depreciation."

Does the Fund do this? Article IV, Sec. 5, states that when a member wants to lower its currency's par value by up to 10%, "the Fund shall raise no objections." If a devaluation of more than 10% is desired, "the Fund may either concur or object. . . . The Fund shall concur . . . if it is satisfied the change is necessary to correct a fundamental disequilibrium . . . It shall not object to a proposed change because of the domestic, social or political policies of the member proposing the change."

As Dr. Harry D. White, Assistant Secretary of the Treasury, sees it,

"The Fund . . . cannot be placed in the position of judging such policies of its members. It could not forbid countries to undertake social security programs or other social measures on the ground that such measures may jeopardize a given parity. Englishmen have not forgotten that in the sterling crisis of 1931 social services were cut in the attempt to maintain the fixed sterling parity."

The prime purpose, therefore, would appear to be to sustain "social services" and give an honorable status to social and political policies, no matter how unsound or how unbalanced the budget. This is the **Exact Opposite** of "exchange stability."

If we turn to the Declaration of Independence and the Constitution of the United States, which documents were certainly drawn with great intellectual honesty, we find that practically every word of both of them is completely clear—or was, at least at that time. Naturally, as new conditions, impossible for the founding fathers to foresee, developed, the Constitution needed interpretation. But, originally, clarity was there. There was a clear meeting of the minds.

But, when we turn to the present Articles of Agreement for the International Monetary Fund, we find that they are very far from clear. In fact, it takes an intense degree of concentration to gain even a fair understanding of the Proposals. Part of this is due to the technical nature of the subject. Much of the lack of clearness is due to the fact that there was not full meeting of the minds. Lord Keynes says the Proposals are the exact opposite of the gold standard. Dean Acheson says "It has been said in the United States that they resemble the gold standard." Mr. Boothby, Member of Parliament, has lamented (in a letter to the N. Y. "Times," March 14) that precisely opposite interpretations are being put on important clauses, in Britain and America. There seems reason to believe that many of the passages conceal important purposes and meanings that are by no means encompassed in the objective of currency stabilization.

For instance, the average intelligent man would read all of the six "Purposes" without realizing that the proponents of the measures were intending this Agreement to play an important part in world social revolution. Yet, what else can Mr. Morganthau have in mind when he says in his closing address,

"This monetary agreement is **but one step** in the broad program of international action necessary for the shaping of a free future." (underscoring mine).

Lord Keynes' original plan (not greatly dissimilar to the pending Proposals) stated that it—"might become the pivot of the future economic government of the world. Without it other more desirable elements will find themselves impeded and unsupported. With it they will fall into their places as parts of an ordered scheme."

3. These Proposals set up a superstate to which all nations including the United States will become subject.

They place vast control in a ruling clique whose interests would be very different from those of the United States. Their adoption might lead to the impairment of both the economic and political independence of the United States. While provision is made for withdrawal, yet the withdrawal of the United States would wreck the project and create bitterness and ill will toward the United States.

The United States puts in about 31% of the roughly $8,800,000,000 that will be put into the Fund by the 44 countries represented at Bretton Woods. Of the American contribution, 25% will be in gold and 75% in American currency. Other countries will be able to make their payments, provided their gold supply is low (and it is quite low with many of these countries), through paying 10% of their "net official holdings of gold and United States dollars"; and the balance of the payments to be made by these other countries will be paid in the currency of the respective countries. With respect to many countries that currency, of course, may not without our backing have full value.

But the currency of the United States is considered the equivalent of gold when it has gone beyond the borders of the United States. For the United States is compelled by existing law to redeem in gold any of its currency that is used in international transactions.

The Proposals would, in effect, give each nation the right to exchange its currency for the currency of any other nation that is a member of the Fund. Thus, when any country desires to purchase goods in the United States, it has only to take its currency to the Fund and receive in exchange, on a parity basis previously agreed upon, United States dollars.

It seems likely the heavy demand will be for United States dollars. There will be, at the start, about $2,100,000,000 of United States dollars in the Fund. It is likely that these dollars will be quickly used up. If only Russia, the British Empire, and China used their borrowing rights to the full, the Fund would be without dollars in the thirteenth month. And, since the Fund may waive any of the conditions prescribed, it could happen much sooner. Dollars will then become what the Fund describes as "a scarce currency."

A League of Nations authority and a proponent of the Proposals, Ragnar Nurkse, recently had this to say about this stage:

"The Bretton Woods scheme is not strictly confined to monetary policy. . . If the dollar were to become a scarce currency under the Fund arrangement, the rationing of dollars which would then come into operation would discriminate against the exports of the United States. Such rationing would, for example, divert Britain's demand for cotton from the United States to, say, Brazil, even if cotton were cheaper in the United States; and, it would similarly divert Brazil's purchases of automobiles from the United States to England, even if automobiles were cheaper in the United States. In sum, it would divert the effective demand of the outside world away from the United States' products. . ."

Thus, it will be seen that our entire domestic economy might soon be at the mercy of the Fund. Once our currency were permitted to be declared "scarce," our dollars would be rationed and controlled. The Fund could control the question of who got our good dollars for what Lord Keynes has whimsically called the Fund's "superior notepaper" IOU's. We would actually need the Fund's approval to spend our own dollars abroad. The Fund could tell us whether or not we could spend our own dollars to import coffee, sugar, rubber, etc. If the Fund so permitted, it could tell us when, where and how much we could spend; and, it would do this just because other nations wanted our dollars. Their borrowing wishes would come before our import needs. Other nations with questionable currencies could control the economic affairs of the United States.

The above is qualified by the statement that if we did not wish to submit to these controls, we could either buy imports we did not need, or we could lend more money. Thus, for instance, it is conceivable that we might be forced to go back to buying our rubber from the Dutch and Malayan plantations; and thus, in effect, our new synthetic rubber plants would, at least temporarily, be worthless.

Thus, by a continued borrowing and use of our dollars, these other countries in the Fund would, in effect, direct our economy. Those in agricultural and industrial pursuits would be at their mercy.

The conclusion is inescapable that what this Fund would set up is a superstate. To be sure, the Proposals provide for any nation to withdraw; but, if the United States were to withdraw, it would leave the other nations of the world in worse position than they are today. Other nations could then gang up on us with results that might be serious.

It is obvious from the above that under this "scarce currency" sanction, our tariffs and trade agreements, with their most favored nation clauses, would become meaningless.

Article IX of the Proposals states that the Fund has the capacity, among other things, to "acquire and dispose of movable and immovable property." It is also provided that "the Fund, its assets, property, income, and its operations and transactions shall be immune from all taxation and from all customs duties." Therefore, there will be nothing to prevent the Fund from dumping any "movable property," that is, goods or commodities of any nature, behind our tariff wall, and—so long as we remain members of the Fund—compelling us to pay for them.

Lord Keynes seems to have confirmed this, when he wrote the "London Times," (issue of Aug. 24, 1944) that there is nothing in the Proposals to stop "our (that is, Britain) requiring a country from which we import to take in return a stipulated quantity of our exports. . . ."

So, if the Senate adopts these Bretton Woods Proposals, one of the results will be that our tariffs will no longer be subject to Congressional debate, but will be a matter for the Fund to decide; and, in that decision, we shall be permitted a 28 per cent vote.

4. The Proposals are in certain respects misleading, in that they do not actually do what they purport to do.

For instance, Purpose Numbered 4 is, in part,

". . . the elimination of foreign exchange restrictions which hamper the growth of foreign trade."

As a matter of fact, the Proposals themselves impose many exchange restrictions. Article IV specifies "maximum and minimum rates for exchange transactions. . ."

"Each member undertakes through appropriate measures . . . to permit within its territories exchange transactions . . . only within the limits prescribed."

Article VI states—

"The Fund may request a member to exercise controls to prevent use of the resources of the Fund to meet a large or sustained outflow of capital. . ."

"Members may exercise such controls as are necessary to regulate international capital movements. . ."

Lord Keynes has admitted that to make **this effective** would require "the **machinery of exchange** control for **all transactions**, even though a **general permission** is given to all remittances in respect to current trade."

Representative Smith of Ohio has pointed out that—

"To effectively prevent outward movement of capital requires total control of all international transactions whatsoever, censorship of mails, telegrams, telephone calls, cablegrams. Foreign travel must be restricted. Persons wishing to travel abroad must be searched. Restrictions on exports through licensing must be required."

If it be said that of course the Fund would not go so far as this, it is sufficient answer to say that it would have the power to do so. Experience of recent years shows that not only other peoples, but our own, will suffer a good deal of regulation before making effective protest. But here this super-government is a law unto itself. There is no appeal from any of its decisions. It is immune from judicial process of every nature.

Since the United States will have only a 28% vote, though supplying most of the real money, all policy-making might easily fall presently, or even at the very beginning, into the hands of men and nations whose ideology is totally at variance with American tradition and experience. It is almost certain that the staff, which we can be sure would be a huge one, would consist largely of Leftwingers. American citizens, and, I am sure, members of both houses of Congress also, have had their experience with certain types of bureaucrats that tend to be arbitrary. They pretend to know more than the Congress or any of the people. They tend to look down on the people—and on Congress, too.

How much more might we expect that the bureaucrats of the International Monetary Fund would look down on the interests of the people, and, indeed, of those nations whose ideologies differed from theirs.

5. The Proposals have been promoted by misrepresentation and by fraud upon the American people.

I have spoken of the PAC pamphlet which seeks to give the impression that a reading of the objectives and the general principles of the Bretton Woods Agreement is sufficient to give a good working knowledge of what it is all about. This same idea has permeated much of the publicity put out by our Treasury Department, and by the hundred-odd communistic and leftwing magazines, newspapers, and other publications that seem to be unanimously lined up in support of the Proposals.

Even some business corporations have been using their stockholders' money (and that of the taxpayers) to propagandize the Bretton Woods Proposals. A Delaware corporation known as the International Latex Corporation, last April published a two-column advertisement featuring Bretton Woods as "Preventing Future Wars." It says Bretton Woods "calls for a monetary stabilization fund to stabilize the nations' currencies in their relations one with another, and to provide for an orderly adjustment of those relations through joint action."

Who would not be for that? The only difficulty is, as I have shown, that this statement does not disclose what the Proposals really do. No wonder this advertisement urges Congress to ratify "without delay."

In this connection an editorial in the New York "Herald-Tribune" of June 8, entitled "The Bretton Woods Vote," contained the following: "This newspaper . . . thoroughly disapproves of the high-pressure propaganda methods used by the Treasury in its campaign for this specific legislation, and it feels that the case made before the (House) Banking Committee against adopting the Fund in its present form at this time was completely unanswerable."

6. The Proposals have been promoted by the State and Treasury Departments through illegal use of the taxpayers' money.

Section 201 of the U. S. Criminal Code reads as follows:

"No part of the money appropriated by any act shall, in the absence of express authorization by Congress, be used directly or indirectly to pay for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other devices intended or designed to influence in any manner a Member of Congress, to favor or oppose by vote or otherwise, any legislation or appropriation by Congress, either before or after the introduction of any bill or resolution proposing such legislation or appropriation."

The purpose of this criminal statute is a salutary one—to prevent precisely what is taking place with respect to Bretton Woods. Naturally, government administrative officials know a great deal about legislation which they, or some of them, have themselves drafted. Congress clearly considered it to be against the best interests of the American people for these officials to propagandize the people on issues before Congress.

Yet, on the Bretton Woods matter, these administrative officials appear to have outdone themselves—they have been shameless in the lengths to which they have gone. The State Department sent teams of speakers across the country. Various people, writing to the Secretary of the Treasury for information, have been deluged with printed matter of a wide variety. Recently, the Treasury has been sending to individuals no less than 15 pamphlets or leaflets, weighing together a pound and a half. All of it is in favor of Bretton Woods. None of it gives a fair statement of the argument in opposition to Bretton Woods. This government propaganda perhaps accounts for the large volume of letters, favorable to the Proposals, that have been received from all parts of the country by Senators and Congressmen.

* * *

I have not discussed the Bank because its very existence seems to depend upon the approval of the Fund. Many aspects of the proposed Bank appear to be good.

But, the thought naturally arises: why can't we use the Bank for International Settlements, which is still in existence, and, as the late Leon Fraser, for three years its Vice-President and for two years its President, told the House Committee, "has a very experienced and competent force, particularly in matters of this character."

* * *

Why, it may be asked, did the House of Representatives approve the Proposals with only 18 dissenting votes?

This would seem, under ordinary circumstances, a fair question. Frankly, I think one of the reasons is that most of the Representatives had never read the Proposals. I have questioned a number of them since the vote was taken, and the estimates I have received as to the number who had probably read them was very low.

I think we put our finger close to the truth in saying the overwhelming propaganda carried on in the United States, much of it by alien-minded persons if not by aliens, and a vast amount of it conducted illegally by the State and Treasury Departments, has conveyed the impression and has been intended to convey it, that the whole story was told in the statement of the objectives—that the rest of the Proposals was unimportant detail.

In the next place, these Congressmen, so far as I can observe, decided, pressed as they are by innumerable duties, that they would depend upon the recommendation of both President Roosevelt and President Truman who, I am forced to say, in all probability did not have time to study the Proposals themselves, and depended upon Dr. White. I do not wish to reflect upon experts—they are necessary on technical matters. I have no doubt that on paper, at least, the experts have worked out a very fine looking piece of machinery, complicated though it may be. But this machinery is far more elaborate than that necessary to stabilize currency and remove exchange restrictions.

Experts are all right on technical matters, as I have said; but I do not want the work of Washington and Jefferson and the other founding fathers of this government tinkered with—tinkered, perhaps, out of existence by so-called experts.

I believe the Senate of the United States should not pay too much attention to the vote in the House. With all due respect to the House of Representatives, the Senate is the real deliberation body which under our Constitution should deal with foreign affairs. No treaty, requiring a two-thirds vote of the Senate, has been more important to our people than these Proposals. I respectfully submit that they can hardly have the attention they deserve from this Committee before the projected summer recess.

Certain of the "experts" who devised this scheme were very far from having their feet on the ground—at least as far as the United States is concerned. The two authors of the scheme appear to have been Lord Keynes and Dr. Harry D. White.

Now Lord Keynes' duty is to look after Britain first, and he does it with conspicuous success. There is no reason to suppose that he is interested in the preservation of the American System. There is no reason why he should have the slightest interest in it.

Lord Keynes has been very honest in telling Britain of his satisfaction over these Proposals. In an address before the House of Lords on May 23, 1944, (printed on p. A1774, April 4, 1945, of the Congressional Record) in which he disclosed an apparent knowledge of what the so-called Bretton Woods Conference was going to do, he said:

"It follows that we must examine any financial plan to make sure that it will help us to carry our burdens and not add to them." And he proceeds to examine these Proposals and finds that for Britain they are very, very good. He is judging them solely because of their effect on Britain. He is thoroughly nationalistic. He disclosed in this speech that the Americans have been very generous in what they have given up in their acquiescence in them.

Now I think it is a fact that Lord Keynes himself, as the author of the so-called "International Clearing Union," was really the author of the principal ideas contained in the Proposals. They were supposed to be tempered by less drastic proposals of which Dr. Harry D. White, Assistant to the Secretary of the Treasury, is the author. Dr. White's autobiographical sketch in "Who's Who in America" occupies just six lines. It simply describes him as an economist, and tells the offices he has held, and gives his address. It tells nothing of his background. Yet, Dr. White is apparently the American authority upon whom two Presidents, the Secretary of the Treasury and the House of Representatives have relied.

* * *

It is pointed out that many bankers favor the proposed International Bank, though fewer of them favor the Fund. The late Leon Fraser, perhaps the best informed banker in America on international banking, told the House Committee only a few days before his untimely death, that, while he approved the Bank, and was in accord with many of the declared objectives of the Fund, yet he disapproved of the Fund Proposals. Pressed by Representative Patman to state how he would vote if the Fund could not be separated from the Bank, Mr. Fraser replied (P. 443 House Hearings) that "with very deep regret" he would vote against the Proposals. Mr. Fraser described himself as an internationalist, too.

One reason that many bankers favor the International Bank is not hard to see. The guarantee by the Bank of private international loans is by its very nature a subsidy. The bankers did not plan this scheme, but to an extent they would be the innocent beneficiaries.

* * *

Gentlemen, if the Senate of the United States adopts these Proposals, it will, in my opinion, have committed the United States to one more step toward a world collectivism. This collectivism will destroy the very principles that have made the United States so strong and great that it has been able, not only to fight the present war, but to see its European allies through to victory. Passage of these would make the wealth of the United States the pawn of other nations. As a distinguished San Francisco lawyer (see Congressional Record, P. A1768), Mr. John Francis Neylan, said:

"It is conservative to assert that this measure constitutes the greatest surrender of resources and economic advantages by any nation in the history of the world, and signalizes the inauguration of a plan under which a prodigally generous United States puts itself at the mercy of its debtors."

Through American imagination, resourcefulness and energy, our people have reached a supreme leadership among the nations, with a vastly higher standard of living. Our course should be to lend aid to the nations needing aid so that they, by following our methods and our ideals, may share the high standards we have enjoyed. But the adoption of these Proposals will tend to reduce us to their levels.

A news item that appeared in the "Herald-Tribune" of Friday, June 15, may give a clue to the plan in the minds of those who appear to be engineering the commitment of the United States to these international plans. In a dispatch from London, J. J. Llewellin, British Food Minister, states, in a review of the world food problem to the two-day Emergency Food Conference then meeting in London, that "a substantial part of liberated Europe's food requirements will be met if the problem of 'collection and distribution' is solved." The meat supplies, he said, show an "overwhelming deficit," but he explained that in the cases of sugar, fats and oils, the three major food countries have accepted the principle of parity, which will cut all consumption to a common level, and will succeed in a large measure in balancing world supplies against world needs.

If this statement of the Minister as reported, be true, then, without any apparent authority from this Congress, some one has committed the United States to the cutting of all consumption to a common level—for I assume that the United States is one of "the three major food countries." If without such Constitutional authority, we have been committed to this, to what lengths will international bureaucrats go with American interests and the welfare of the American people if these Bretton Woods Proposals should be adopted?

I urge this Committee to study most carefully these Proposals. For if adopted in anything like their present form, they will, I believe, in the future, be seen to have been a betrayal of the American people.

DIVIDEND NOTICES

THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

The Chase National Bank of the City of New York has declared a dividend of 70¢ per share on the 7,400,000 shares of the capital stock of the Bank, payable August 1, 1945, to holders of record at the close of business July 7, 1945.

The transfer books will not be closed in connection with the payment of this dividend.

THE CHASE NATIONAL BANK
OF THE CITY OF NEW YORK
W. H. Moorhead
Vice President and Cashier

AMERICAN MANUFACTURING COMPANY
Noble and West Streets
Brooklyn, New York

The Board of Directors of the American Manufacturing Company has declared a dividend of 50c per share on the Common Stock of the Company, payable July 1, 1945 to Stockholders of Record at the close of business June 19, 1945. The stock record books will be closed for the purpose of transfer of Common Stock at the close of business June 19, 1945 until July 2, 1945.

ROBERT B. BROWN, Treasurer.

THE SUPERHEATER COMPANY
Dividend No. 160

A quarterly dividend of twenty-five cents (25c) per share on all the outstanding stock of the Company has been declared payable July 16, 1945 to stockholders of record at the close of business July 5, 1945.

M. SCHILLER, Treasurer.

THE UNITED STATES LEATHER CO.

The Board of Directors at a meeting held June 27, 1945, declared the regular quarterly dividend of $1.75 per share on the Prior Preference stock, payable October 1, 1945, to stockholders of record September 10, 1945.

C. CAMERON, Treasurer.
New York, June 27, 1945.

CONSOL

The Board of Directors
of the
CONSOLIDATION
COAL COMPANY
(Incorporated in Delaware)

at a meeting held today, declared a quarterly dividend of 25 cents per share on the Common Stock of the Company, payable on July 16, 1945, to stockholders of record at the close of business on July 7, 1945. Checks will be mailed.

C. E. BEACHLEY,
Secretary-Treasurer

June 26, 1945

"Call for
PHILIP MORRIS"

New York, N. Y.
June 19, 1945.

Philip Morris & Co. Ltd., Inc.

A regular quarterly dividend of $1.00 per share on the Cumulative Preferred Stock, 4% Series, has been declared payable August 1, 1945 to holders of Preferred Stock of record at the close of business on July 16, 1945.

There also has been declared a regular quarterly dividend of 75¢ per share on the Common Stock, payable July 16, 1945 to holders of Common Stock of record at the close of business on July 2, 1945.

L. G. HANSON, Treasurer.

VANADIUM CORPORATION
OF AMERICA

VANCORAM

420 Lexington Avenue, New York 17

Dividend Notice

At the meeting of the Board of Directors held today, a dividend of twenty-five cents per share was declared on the common stock of the Corporation, payable July 12, 1945, to stockholders of record at 3:00 o'clock p. m., July 5, 1945. Checks will be mailed.

B. O. BRAND, Secretary.

Dated June 25, 1945.

UNITED GAS CORPORATION
Common Stock Dividend

At a meeting of the Board of Directors of United Gas Corporation held June 27, 1945, a dividend of fifteen cents (15c) per share on the Common Stock of the Corporation was declared for payment July 31, 1945, to stockholders of record at the close of business on July 10, 1945.

Attention is called to the fact that scrip certificates for fractional shares of Common Stock do not entitle the holder to this dividend unless combined with other scrip certificates into full shares of such stock before the close of business July 10, 1945.

H. F. SANDERS, Secretary.

UNITED STATES SMELTING
REFINING AND MINING COMPANY

The Directors have declared a quarterly dividend of 1¾% (87½ cents per share) on the Preferred Capital Stock payable on July 14, 1945 to stockholders of record at the close of business June 29, 1945. No dividend was declared on the Common Stock.

GEORGE MIXTER,
Treasurer.
June 20, 1945.

THE YALE & TOWNE MFG. CO.

On June 26, 1945, a dividend No. 223 of fifteen cents (15¢) per share was declared by the Board of Directors out of past earnings, payable October 1, 1945, to stockholders of record at the close of business September 10, 1945.

F. DUNNING, Secretary.

LIQUIDATION NOTICE

The Farmers & Merchants National Bank of Eureka, located at Eureka in the State of Nevada, is closing its affairs. All note holders and other creditors of the association are therefore hereby notified to present the notes and other claims for payment.

Dated: June 16, 1945.

C. L. TOBIN, Cashier.

Senate Holds Hearings On Bretton Woods

(Continued from first page)

tional conference which produced the plans, confined his activity in the committee hearings almost exclusively to opening and closing each day's sessions. He asked hardly a single question of any witnesses and himself volunteered no information. This is probably due to the fact that his interest does not lie in banking and currency matters. That the Committee as a whole did not exhibit a greater curiosity in the bill, with only fractional attendance at the hearings, may be explained in large part to the fact that Senators, unlike most Reprsentatives, are members of several committees and so have to divide their time. Also, they probably know in advance how they will vote on Bretton Woods.

The amendments introduced in the enabling bill by the House did not in the Senate Committee become the subject of detailed attention until the testimony of Mr. Albert Goss of the National Grange. Goss suggested their further tightening to assure the accomplishment of their objects. When Goss testified, only five Senators were present and their interest seemed casual. The CED, whose efforts earlier this year to assure enactment of Bretton Woods with certain general safeguards received a great deal of publicity, did not appear in the Senate hearings but sent for insertion in the record a statement expressing complete satisfaction with the bill as approved by the House.

New York banking views on Bretton Woods received more attention in the Senate than in the House hearings, for in the Senate—apart from the ABA—the Committee had the opportunity to hear and question Mr. Allan Sproul and Dr. John H. Williams of the Federal Reserve Bank of New York, representatives of the New York State Bankers Association, and in his personal capacity Dr. B. H. Beckhart, the economist of the Chase National Bank. Dr. Benjamin M. Anderson, formerly economist of the Chase National Bank and now a university professor, came from California to present his analysis to the Committee. Mr. Harold J. Roig, of W. R. Grace and Co., also testified.

Sprague Answers Williams

Evidently by invitation Dr. O. M. W. Sprague, foreign exchange advisor to the General Motors Export Corporation and Professor Emeritus of Harvard University, in a letter to Chairman Wagner rejected the idea that the Fund presents fundamental defects or unmanageable difficulties of a technical character. Foreseeing that in some instances with the Fund exchange control will be retained beyond the transitional period, Sprague considers this better than the alternative.

Sprague also rejects the suggestion that the Fund be deferred until after the transitional period, or until after some more or less complete adjustment of the British position. Instead, he feels that the Fund will help to work out such an adjustment. Finally, he has no apprehension about Russia's relation to the Fund, although he does not in his letter take up the major point of some objectors, that Russia will use the Fund for capital purposes.

Later this week Dr. Harry White of the Treasury will make a final appearance to rebut some of the testimony made before the Senate committee.

The Senate is expected to start floor consideration of Bretton Woods shortly and to pass the bill before the Congressional recess. The opposition debate on the floor will be led by Taft. While there is not on the Senate committee

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San Francisco Parley Ends

(Continued from first page)

may be assumed that the world has learned something during the past 25 years, many of the claims of improvement—even when promulgated by elder statesmen like General Smuts and Lord Halifax—seem to harbor exaggeration, misconception, and dangerous over-expectation.

The fundamental truth remains that both old and new League are faced with the same basic difficulty—the individual nation's continued unwillingness to sacrifice national sovereignty and domestic jurisdiction to any genuine extent to an international State. Demonstrated again and again by this correspondent throughout the entire proceedings here, the jealous guarding of sovereignty was evidenced once more in Mr. Gromyko's formal voicing of the only objection at the final plenary session. With sovereignty preserved as a fundamental, in effect the Charter provisions represent merely a legalistic shifting about of emphasis and rearrangement of power.

* * *

There is one indisputably great improvement in the new organization, consisting of the inclusion of the United States and the Soviet—not only as members—but the most active sponsors. And far from merely going along as a desultory follower, the U. S. actually is the host of the Conference—with Senators Connally and Vandenberg now replacing the obstructing Lodges.

But many of the claims emanating from our elder Statesmen, from the State Department, and from the well-meaning press, should be analyzed with care. For example, it is contended that the United Nations security-enforcement power is now greater because it covers threats to peace as well as to aggression. **But this point is not valid, for it disregards the power which was held by the old League's assembly to enter into any matter practically without limitation.**

Again a point is being widely made that anti-war enforcement power is now enhanced by reason of the power being centered in the 11-member Security Council, in lieu of having been divided between the Council and the Assembly in the old League. But this conclusion does not take into account that the imminent concentration of power in the new Organization's small Security Council diminishes the moral pressure and influence which can be exercised by a large representative group, like the old and new assemblies.

* * *

Regional arrangements are advanced as a new favorable element. But this argument seems absurd. The existence of the Chapultepec Pact and the political need for hemispheric independence of action acknowledgedly presented a well-night unresolvable conflict with true international policy and spirit. **It may have been ostensibly compromised through a legalistic concept, but in any event it was settled only in compromise and surely not in consonance with constructive international action.**

Additionally, such regional arrangements as existed under the old League's technique had the advantage of being provided with flexible arrangements for participation, and for taking into account the exigencies of particular situations.

Much is made of the fact that the new Organization provides for military agreements making armed contingents immediately available to the Security Council. This undoubtedly embodies a strengthening element, but it is offset by the fact of the veto power against action which resides within that very Council.

* * *

Lord Halifax and others are most enthusiastic in pointing to the great advance derived from the new Charter on Trusteeship, to colonial and backward territories. **But in the first place, there are no teeth compelling submission to trusteeship, and in the second place, it is weak in comparison with the old League's technique, under which territories were committed to mandate definitely at the time of the peace treaty.** The new trusteeships will be effected after the Peace Conference, after military arrangements have been made, and after Charter ratification.

* * *

In playing up the emphasis on the new Economic and Social Council, it seems that General Smuts has been unfair to the old League is continuously representing it as being preponderantly interested in political matters. The fact, however, as detailed at great length in an earlier column of this correspondent, is that the League has had a large and highly authoritative economics division performing its varied functions with worldwide approbation, right up to the present.

In some respects, in addition to the above-mentioned trusteeship defects, the new Charter affirmatively falls short of the League. Ten of the European States have not been represented at San Francisco. Then there is the matter of the veto; in the old League the veto, being available to every member nation, at least was democratic. This time it is vouchsafed to an aggregate of only five nations out of fifty.

In the last analysis it is futile to place too much emphasis on a comparison between two legalistic documents. In dulling the communal obligation to breathe life into the Charter, unwarranted optimism is definitely destructive. Both the absolute and comparative success of the new United Nations Organization will depend on the amount of hard sacrifice and co-operation that is given by its members throughout the coming years.

* * *

The principal parties in the recent major Conference controversies have publicly buried the hatchet. But privately there are still major items over which they harbor long-term dissatisfaction, and which they will attempt to cure by amendment. First, of course, is the veto privilege held by each of the Big Five. The most usual argument in justification is the means it furnishes for unanimity. But Dr. H. V. Evatt, Australian Foreign Minister and unofficial spokesman for the "Little 45" nations, still doesn't go along at all with this thesis. He contends that actually the veto instrument is not a mark of unanimity; that if the Big Powers really were unanimous, they would vote together without this legal compulsion for unanimous voting. **The small nations further object on the ground that the veto in effect only paralyzes action against each other by any of the Big Powers, while permitting any amount of diplomatic jockeying and controversy behind the scenes.** In the interest of getting some kind of Charter to take home, Australia and other Powers gave in on the veto fight, but the certainty of their agitation for future amendment is seen from Dr. Evatt's remarking to me: "How can I be satisfied with a Charter with the plugged nickel veto arrangement?"

Equally dissatisfied are Dr. Evatt and his followers with the arrangement for voting on future amendments of the Charter, for the continuance of the veto there freezes the present injustices. As finally passed after its stormy course, the chapter on amending provides that a majority of the Assembly may adopt an amendment to the Charter, which will come into force when it is ratified by two-thirds of the members of the organization—but subject to veto by any of the Big Five. Apart from such amendments passed at any time, a special conference on revision of the Charter, may be held on the call of a two-thirds vote of the General Assembly with the concurrence of any seven members of the Security Council. If a conference is not called within ten years after the ratification of the Charter, the matter is put on the agenda and a conference may then be called by a majority of the Assembly with the concurrence of any seven members of the Security Council. **But the crux of the amending process is that revisions resulting from either a special conference or from sporadic action, are subject to the veto.**

* * *

The following case is made on behalf of the veto on amendments by an American adviser of very high authority. Essentially the power to veto Charter changes is part and parcel of the general veto voting power. It involves the same question of sovereignty-protection. It is inconceivable to imagine the Congress or the American people ratifying a Charter with present but not future sovereign controls. It is contended that it is impossible to segregate the present from the future operations of the Charter. Putting the Charter into effect involves a long process of formulation. This includes the initiation of the Military Staff Committee, whose military plans will consume five years.

Again we are reminded that the Big Powers are saddled with the obligation to keep the peace; that the preparations for providing such enforcement machinery will be lengthy and expensive; that the Charter involves tremendous long-term responsibilities like peacetime conscription, the apportionment of military forces, munitioning and provisioning, and other items of complicated military planning which must require five years to complete. We will be responsible for security enforcement in the future as well as now, and hence must do our permanent planning now, in lieu of having been divided.

It is pointed out as relevant that the United States will not be willing to give up control over the movements of its armies in the future any more than it will now, and that hence it would not sign any agreement that does not guarantee the permanence of such conrol. It is assumed that no one will break the peace for the next five years, so that guarantees of our future interests are even more important than our present ones.

Much is made of the plea for permanence—that we don't want to give the impression of a transitory organization or of membership instability. It took us twenty years to get into a world organization; and we don't want to harbor a threatened "exit" sign in case of unwelcome unstoppable Charter revision.

* * *

In answer to the complaint that in the case of amending, the veto is applicable to all matters—whether concerned with enforcement or not—it is contended that all other matters are equally important as security matters, to which they inevitably lead. The permanent veto is wanted for maters relating the Economic and Social Council on the ground of preserving domestic jurisdiction and sovereignty. The United States policy is not to take a chance on losing domestic jurisdiction in these matters in the future. **The answer has been flung back to Dr. Evatt that although he does not want sovereignty on employment matters, he is most zealous about protecting Australia's sovereignty on immigration matters.** Although the safeguard of domestic jurisdiction is stated in the Charter's principles, our spokesmen claims that legally it is a general statement which is superseded by the specific—and that hence permanent veto protection against encroaching Charter revision is indisensable.

In rebuttal to the argument on the ground of permanence Dr. Evatt first of all claims that the Charter in any event does not envisage permanence, because of the privilege given for withdrawal. Further the small nations feel that now and the next five years constitute the crucial period when the Big Powers are indispensable for keeping the peace. Hence, instigated by Canada they proposed granting the veto power now, but not for the long-term future when the small nations can stand on their own feet.

They further claim that the amending veto power is even more unjust than that on ordinary voting procedure in the Security Council, because in the former, one power can block the action of 49 others, while ordinarily in the Council the proportion is only one-to-ten states. A seemingly logical plea at least to limit the veto on revisions to the category of security matters, and to exempt security matters therefrom, was made vainly to Mr. Stettinius.

Making revision of a Charter difficult seems fundamentally wrong. The need for future revision of the Charter was forcefully reiterated by President Truman himself at the Conference's closing plenary session, as follows: "The important thing is that all our thinking and all our actions be based on the realization that it is in fact only a first step. Like this Charter, our Constitution came from a free and sometimes bitter exchange of conflicting opinions. When it was adopted no one regarded it as a perfect document, but it grew and developed and expanded. This Charter, like our own Constitution, will be expanded and improved as time goes on. No one claims that it is now a final or perfect instrument. It has not been poured into any fixed mould. Changing world conditions will require readjustment."

Big-power veto prerogative over all revision seems akin to the monarch's arbitrary negation of acts of Parliament; over which revolutions have been fought in England at the time of Cromwell, and in France in the case of Louis Napoleon.

* * *

Canada has abandoned most of its former griping, and is now reasonably satisfied with the Charter. It takes exception to Article 107, vaguely worded; it seems to say that the Charter will be inapplicable to action against a Second World War enemy of any of the signatories. It is unclear about States which are enemies of some countries and not of others—such as Italy, Finland, and some of the Balkans, and gives away too much discretion.

One conclusion eminently pleasing to Dr. Evatt was the compromise action taken in settlement with the Russians over the rights of discussion before the General Assembly. The text is extremely broad, like the Charter itself—and even broader than was given to the League of Nations under the Covenant. Now it is up to the Assembly to decide what is in the scope of the Charter. The discussion privilege is particularly valuable for the Assembly because it meets only once a year.

Canada does not like the effective veto change from the original provision for reelection every three years; instead, to make retirement indefinite, there is no mention of the length of term, and the Assembly, when electing him, can put in stipulations about behavior,

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members contains considerable loaded language, and, to put it mildly, constitutes an unfair attempt to influence the result.

Part of the letter consists of a long series of questions and answers intended to enlighten members on the affect of the by-laws if adopted. It would be interesting to learn who prepared them.

In answer to the question "Why is registration of partners and officers being proposed?" it is suggested that they may escape responsibility for violations without their knowledge or concurrence by another partner or officer.

To anyone who has followed the disposition of disciplinary proceedings before the Securities & Exchange Commission, this can hardly appear to be a forthright statement or to bear any resemblance to the law on the point.

We submit this to be a shabby type of persuasion.

After some fourteen intervening questions and answers comes the following, which should have appeared immediately next to the one referred to since it deals with the same theme:

"Q. Does registration of registered representatives change the rights, obligations and duties of a member?

A. No."

The members having just been advised in response to one question that under certain circumstances by the act of registration they may be able to escape responsibility, are informed in almost the same breath that their rights do not change. Reconcile that if you can. To us it doesn't make sense.

Here is another question and answer that is more or less pertinent to the one first cited which appears after some eight others instead of immediately thereafter:

"Q. Could the Association file a complaint against a registered representative and the employing member?

A. Yes. In all cases where a complaint is filed against a registered representative, the employing member must also be named in the complaint."

The ballot is supposed to be secret, yet with each one goes a letter of transmittal bearing the following legend:

"Note: A ballot not accompanied by this letter of transmittal, property signed, cannot be counted."

We will forego the possibility that under these circumstances the secrecy of the ballot can be easily destroyed. However, this is certain, there will be no secret as to those who have not cast a ballot.

When members were being polled on the minimum capital requirement rule, not so long back, official pressure was brought on non-voters all over the country through the telephone to vote on the measure. In many cases, the "Chronicle" was informed the member thus approached simply asked "how do you want us to vote" and cast his ballot accordingly.

Is it the intention to use this strategy currently?

What about the consent of those who are required to register? Are their wishes to be completely ignored? Up to now the realm of NASD domain has been limited to its own membership which this association has repeatedly characterized as **voluntary**. What becomes of volition if a vast group of salesmen, traders and employees, officers and partners will be deemed to have subscribed to NASD by-laws without their ever having been consulted and in most instances against their express opposition.

NASD views its by-laws as a contract with its members by reason of their applications which it is said constitute a voluntary agreement.

Applying that same yardstick, upon what ground can these proposed amendments be justified? Clearly employees should have the right to either agree or withhold their consent.

As we read the Maloney Act this whole project is completely abortive. In the law we find no authorization for it.

The proposal to register all salesmen, traders, partners, officers, and the like is undertaken, says the NASD, for the express purpose of strengthening the position of over-the-counter dealers in their professional relationship with investors. The last couple of months, too, certain officials of the Association, apparently under the tutelage of the NASD's Executive Director, have been harping on what a fine thing it would be if the dignity of a high professional standing were to be accorded to dealers in securities.

The "Chronicle" warns the members of the Association not to be misled by such high-sounding expressions for they are just as much "loaded" as is the questionnaire presently discussed.

Make no mistake about it, the zealots who are behind this registration move have very definite ideas on how the securities business should be made over to give it a "professional" tinge, but they are not telling you what these ideas are.

Our job of watching the trend in the policing of the securities field has been most painful.

So often it would have been simple when vital issues were involved to ignore them and by taking the road of least resistance to retain a friend who was otherwise alienated by our militancy.

However, our duty to the public and to dealers and brokers is plain. To the preservation of their rights we have dedicated ourselves, and from a rigid adherence to this obligation we will never veer.

Again and again we have aroused the public and the securities industry to the liberal doses of anaesthesia they have been inbibing through the use of weasel words by regulatory bodies both **governmental** and so-called **voluntary.**

Demonstrating that constant encroachment upon freedom of trade threatens market liquidity, and imposes an alien ideology upon us, we have called upon our readers to be on guard lest through lack of vigilance our American way of life be impaired.

Our opposition to the currently proposed NASD amendments is an additional call to watchfulness.

In addition to the letter from Mr. Lindsay, previously referred to, the "Chronicle" also has received the following letters from dealers who prefer to remain anonymous:

Editor, Commercial & Financial Chronicle:

Relative to your article in the "Chronicle" of June 21, 1945, regarding NASD circularizing members to ballot on proposed by-law amendments, as usual your article is timely and to the point. However, you missed one important factor: *i.e.,* the method of balloting, which, as usual, is not secret.

On page 2 of the NASD circular sent to members with the ballot there are questions and answers on voting procedure, and one Q. and A. is as follows:

Q. Will a secret ballot be used?

A. Yes.

This is a deliberate falsehood, because each ballot must be accompanied by a letter of transmittal, which has to be signed by the Association Member-Firm, executive representative, address and city, and it states on the letter of transmittal, "a ballot not accompanied by this letter of transmittal, properly signed, cannot be counted." It also states on the ballot that it must be attached to the letter of transmittal.

Knowing that NASD will know how they vote, and because they are afraid of NASD and reprisals, the average small dealer will vote the way NASD demands, or will not vote at all; either way the Association is bound to win.

Does NASD think the average small dealer is just plain dumb enough to think he is using a secret ballot?

The great majority of dealers in this territory have known for a long time that Wallace H. Fulton, by his actions, is not their friend. Instead of working in their behalf, as he is paid to do, he handicaps them in every way possible. A vote by secret ballot by NASD members regarding his retention as executive director would soon relegate him to the ash can.

Editor, Commercial & Financial Chronicle:

Regarding your article, "The Spreading Octopus," in issue of June 21, the dealers' slogan from herein should be "Let's close out the NASD."

This organization, supported by the dealers of America, has consistently worked against the interests of its members. In almost every controversy in which this outfit has participated it has been rebuked. It has outlived its usefulness.

We wish to take this occasion again to compliment the "Commercial and Financial Chronicle" for the distinct service that it has consistently pursued in calling the attention of the investment dealers to the un-American attitude of the National Association of Security Dealers. We sincerely trust that you will continue your campaign on this recent action by the Board of Governors of the NASD and point out the ridiculousness of their growing bureaucratic control.

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and the like. A distinct advantage in the changed provision is that it removes the danger of effective removal, at reelection times, through the instigation of a single one of the great Powers.

There undoubtedly will be continuing agitation for a different method of choosing the members of the Economic and Social Council. Some of the Indian and Egyptian delegates still have a strong conviction that the makeup should be as follows: Six permanent members from the great Powers; six others distinguished for their economic power, and six chosen through regional motivation.

Some of India's delegates strongly feel that Britain's new policy marks the first step toward eventual Dominion status and self-government, which will be greatly accelerated. Furthermore, it cannot be prevented, partly because of the economic progress bound up with expansibility of 400,000,000 people. Differentiation between self-government and real independence must be made. In fact, full non-legal independence is, in effect, out of the question, even for any Powers excepting the United States and Russia, all other countries being in some way dependent on them, and tied to them by some kinds of economic or political controls.

* * *

The Preparatory Commission, operating between the end of the Conference and the Charter's ratification, will soon start functioning. The administrative operations will begin immediately. The Executive Committee will meet in London some time during the summer. London was chosen for the seat of the Commission because the recent major international meetings have been held in other countries, as Moscow, the Crimea, and San Francisco. The Americans will begin planning for the new Interim Organization immediately on the return of State Department officials to Washington.

In London the new Commission will meet in Church House, across from the statue of Lincoln, and directly across from the House of Commons. It is where the Commons met when they were blitzed.

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At our university commencement, here are some of the ratings of our "graduates," personally made by your correspondent:

Most on the ball—Commander Stassen.
Best copy—Commissar Molotov.
Most aggressive—Dr. Evatt of Australia.
Most self-effacing—Leo Pasvolsky.

Senate Holds Hearings On Bretton Woods

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any Bretton Woods supporter who has shown Taft's capacity to understand and debate the issue, the most likely Bretton Woods advocate on the floor seems to be Senator Fulbright of Arkansas, whose interest in stimulating American foreign investment stems from a concern for cotton export markets. It was to please cotton interests that Fulbright introduced the bill to repeal the Johnson Act, he informed the writer.

Machinery Institute Sums It Up

According to a statement to the writer by one high official who represented this Government at Bretton Woods, it is precisely to preserve our American system that we should adopt the program and the whole new foreign investment policy now officially before Congress. Having listened to the experts thrash out the pros and cons of Bretton Woods during long weeks of testimony the writer finds quite to the point a passage in a pamphlet, "An Appraisal of the Fatalistic View of Capitalism," published this month by the Machinery and Allied Products Institute. In the passage in question the Institute was merely paraphrasing the economic views of certain modern American economists. The passage, which might well have been written of the Bretton Woods legislation, reads:

"So complex is the modern industrial economy an understanding of its anatomy and physiology can come only after intensive study. Politicians are laymen, and must necessarily consult the economic soothsayers. In doing so they are sure to encounter a veritable 'confusion of tongues.' It is almost as difficult for the politicians to select among the 'experts' as it is to diagnose the malady of the economic system themselves. In this state of perplexity they are prone to follow the demands of powerful pressure groups, hence public policy becomes inevitably a mosaic of confused and incompatible measures dictated by these blocs. Taken together they cannot possibly make sense, much less constitute a framework for the preservation of capitalism."

Creditor Bears Adjustment Burden

One point of which some opponents of the Bretton Woods plan have made much is the fact, to which Lord Keynes particularly attests, that the Fund places the burden of adjustment on the creditor country. As Keynes has put it, a country which refuses to accept in payment for balances due it the goods its customers have to sell must either invest the balances in the countries of its customers, or else relieve the customers of their obligation to pay. Keynes stated that the Fund recognizes this principle. Naturally, many Americans who have studied the plan feel that this constitutes an open invitation to default. At least, it seems to open the way for abuse.

However, the fair-minded person must recognize that there is considerable strength to the argument that the creditor country at least shares the responsibility of the debtors, if the form persists in a policy which produces a continuously "favorable" balance of its international trade. The case is nowhere better stated than in the report issued last December by the London Chamber of Commerce. While the writer does not share the view that a debtor country should be free to borrow all it wants and live beyond its means, leaving the burden of adjustment on the creditor country, he does believe that if this country follows the present bent, seemingly overwhelming, to spread American billions around

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Selected Issues in Post-War Taxation

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general welfare. Organizations like the New England Council help to keep the general public interest at the forefront in considering such issues as that of post-war tax reduction and revision.

As this audience is well aware, we face some of the most difficult tax problems in our history. One of the complicating factors is that there is less room for tax reduction than most people appear to expect. And it is human nature that everyone will want the lion's share of that relatively small amount of reduction. The limited scope for reduction and the imposing size of the remaining tax burden make it doubly important that extreme care be exercised in shaping the post-war tax structure. In the absence of such care in devising post-war taxes, it may be impossible to maintain the high level of consumption, business activity, and employment which we must have if we are to balance the budget and cut down our national debt. Confronted with this difficult problem, one must nevertheless admit that the prospect of working against a background of falling rather than rising taxes is a new and refreshing one.

Wartime Tax Changes

Not so long ago, we faced another and less inviting tax problem—the expansion of the tax system to meet the vast needs of war. The American capacity for adjustment to new conditions is so great that we tend to forget how truly gigantic that expansion has been. In the fiscal year 1940, Federal tax revenues were $5.4 billion, and some 4 million individuals were paying Federal income taxes. Four years later, Federal taxes had risen eight-fold to $44 billion and the number of individual income taxpayers had skyrocketed to 50 million. No attempt was made to convert the peacetime into a wartime tax system at one stroke. Rather, the changes were made in successive stages to which the expanding war economy could adjust without endangering its stability and productivity.

It is worth noting that our wartime taxes are doing much more than producing enormous amounts of revenue. They are not only financing a large proportion—currently almost half—of the cost of the war. They are also helping to distribute that cost equitably. They are also reducing the inflationary pressures which inevitably grow out of a war economy operating under forced draft. They are also recapturing excessive war profits. They are also supporting the price and wage stabilization program. In short, taxes are serving as an integral part of the war program.

Even while focussing on war finance, the Treasury and the Congress have continuously kept the problems of post-war taxation in their field of vision. Although the wartime tax system will not serve and was never intended to serve as a post-war tax system, many of its provisions have a post-war orientation. For example, the Revenue Act of 1942 was looking squarely at the post-war period when it provided for the carrybacks and the excess profits tax post-war refund. The carryback of unused excess profits credits and the carryback of business losses were enacted as a means of permitting deferred costs and reconversion costs and losses to be charged against wartime income even if they were not incurred until after the end of the war. Furthermore, the 1942 act set up a postwar credit or refund of 10 per cent of the excess-profits tax, to be evidenced by non-interest-bearing bonds payable at certain designated times soon after the end of the war.

The post-war problems of the individual also loomed large in the minds of the Treasury and the Congress, especially in the 1943 legislation providing for withholding and current payment of income taxes. These measures removed the specter of overhanging tax liabilities which would otherwise plague millions of individuals when incomes shrink because of cutbacks to peacetime production.

Congressional and Treasury Tax Studies

In addition to these specific measures, intensive study of the entire post-war tax problem by both Congressional and Treasury tax staffs has long been under way. Although a good deal of spadework had gone before, a resolution by the Congressional Joint Committee on Internal Revenue Taxation on June 15, 1944, marked the beginning of formal work on tax adjustment for the transition and post-war periods. The Committee, adding a member from the minority party in each House to achieve equal representation for both parties, constituted itself the Joint Committee on Internal Revenue Taxation for Post-war Taxation. Its resolution called on the Joint Committee staff and the Treasury tax staff to work as a unit on the study of post-war tax problems and to report their results and suggestions to the Committee.

The Joint Committee's resolution was followed to the letter. The tax staffs of the Committee and the Treasury undertook a series of joint studies relating to various aspects of post-war tax revision. Representatives of business, labor, agriculture, and other groups, many of whom had undertaken their own post-war tax studies, were invited to Washington to present their views Out of the many off-the-record conferences with these groups grew a body of information and suggestions that has proved extremely valuable in our post-war tax work. Together with the continuing studies of the Joint Committee and Treasury tax staffs, this information has served as the background for a number of confidential reports submitted to the Joint Committee in meetings throughout this past winter and spring.

The Program for the Interim Period

The first formal results of this work are reflected in the report of the Joint Committee recently made public recommending certain tax changes for the interim period between the end of the European war and the end of the war with Japan. These recommendations, while not calling for any reduction in tax rates, will materially improve the cash position of business in the reconversion period.

That there should be official concern over the cash position of business in spite of the favorable profits record of the war years may puzzle some observers. It is true that business, taken as a whole, appears to have enough cash and working capital to finance reconversion and to carry on into peacetime production. There are firms, however, many of them small businesses, which are not in this fortunate position. Some of them, because of the termination of war contracts and the extraordinary expenses and adjustments involved in reconverting to peacetime production, will experience financial difficulties and at least temporary shortages of cash and working capital. The program which the Joint Committee has outlined in its first report is designed primarily to aid reconversion by easing the financial problems of these firms.

The five-point program of the Joint Committee for the interim period has been widely publicized in the press, in the tax services, and elsewhere. Members of the New England Council are particularly well acquainted with them as a result of the memorandum circulated by Mr. Tufts, the Chairman of your Industrial Committee. I shall, therefore, not pause to describe the Committee's recommendations but shall be glad to answer questions about them later.

Since the time of its announcement by Chairmen Doughton and George and Secretary Morgenthau at a joint press conference on May 10, the five-point tax program has received widespread support. The Small Business Advisory Committee of the Commerce Department came out with a program, endorsed by Secretary Wallace, almost identical to the Joint Committee program. Judge Vinson, the Director of War Mobilization, endorsed the program. I note also that many private groups and individuals, including members of the New England Council, have called for prompt enactment of the program.

This interim program for the period between VE-Day and VJ-Day would seem to be non-controversial, and its chances for early enactment appear excellent. For the most part, it will not reduce ultimate tax liabilities. Yet, by speeding the return to businesses of money due them under wartime tax laws, it will materially strengthen their cash and working capital position. To defer such settlements might slow down reconversion and make it more difficult to sustain a high level of business activity and employment during the transition years just ahead. Prompt enactment of the interim program will enable businessmen to go ahead with their production schedules and plans for the future reassured that their special problems will receive every consideration consistent with the country's needs.

The Case Against Present Tax Reductions

The nation's revenue needs are, of course, still so pressing as to rule out immediate tax reduction. You have noted that the Joint Committee's interim recommendations do not contemplate reductions in tax rates. Moreover, the Administration's position that taxes should not be lowered until the end of the war with Japan has recently been reaffirmed by President Truman, Secretary Morgenthau, and Judge Vinson. There are strong grounds for this position. The Joint Committee, in explaining why they do not recommend that existing tax rates be reduced at the present time, make the following statement in their report:

"1. Federal expenditures can be expected to remain at a high level after victory in Europe, and thus the need for revenue will not be greatly lessened. With the war continuing on one front, it has been estimated that the Federal Government will spend for war alone at the annual rate of about $70,000,000,000.

"2. It appears unlikely that there will be any serious general unemployment during the period of the Pacific war. This period can be expected to be one of reasonably full employment, since the pent-up demand for goods and services is expected to offset the anticipated cut-back in war production. Such unemployment as may exist will largely be caused by unavoidable delays in the reconversion of plants to peacetime production. It is likely to be limited to a few areas in which large cut-backs in war production will be made. General tax reductions could do little to help these isolated areas.

"3. Inflation will continue to be a danger during the period of the Pacific war. Tax reductions at this time might be an important factor in starting a runaway inflation, since they might increase the demand for civilian goods and services which is already in excess of limited production. Furthermore, tax reductions at this time might weaken other anti-inflationary controls.

"4. The armed forces are still called upon to endure personal and economic hardships."

We are still engaged in a bitter and costly war with Japan. Federal expenditures are continuing at levels never thought possible before the war. A large sector of our economy is still devoted to production for war instead of turning out the goods and services normally consumed in peace. As long as these conditions prevail, I believe it is generally accepted that no program of tax reduction could be undertaken without risking serious inflation and endangering morale on both the home front and the war front.

The Outlook for Later Tax Reduction

The problems of the interim period have been considered first because they must be solved first. But the proposals designed to meet these problems are recognized by all concerned as only the opening act—perhaps merely the prelude—of the post-war tax drama. The basic issues of tax revision and tax reduction for the post-war period will still remain. You will note that I bracket the problem of revising the tax structure with the problem of reducing taxes. I am sure you have also noted that all of the post-war tax plans thus far advanced by private groups have coupled structural changes in the tax system with downward revision of tax rates. Tax reduction serves as an effective lubricant for tax readjustment. The goal towards which people both inside and outside the Government are working is thus not only lower taxes, but better taxes.

No one can tell at this time how much tax reduction can be rightfully expected in the post-war period, but it is safe to say that its magnitude will be disappointing to many of our tax optimists. There are too many imponderables in forecasting both expenditures and revenues. How large must the armed forces be? What kind of foreign trade relations will we have? What will be Congressional policy regarding aids to agricultural and aids to the unemployed? What will be the policy toward veterans? We cannot now answer these and many other related questions, and yet they have to be answered before anything like an accurate forecast of post-war expenditures can be made.

The revenue side, too, has its uncertainties. The yield of any given tax structure and set of tax rates is determined largely by the size and distribution of the national income. What these will actually be from year to year depends on factors that cannot with any assurance be measured at this time. Among these factors affecting the national income are the size and the distribution of the tax load itself, not to mention the amount and pattern of Government expenditures. These interlocking relationships rob the tax future of its quantitative certainty.

Despite the uncertainties, this much is clear, that the area for post-war tax reduction is relatively small, and that the post-war level of business activity and employment will have much to do with the size of that area. Full employment is the surest road to lower tax burdens. In some circles, the possibility of achieving and maintaining full employment in the post-war period is being seriously questioned. If we hope to achieve substantial tax reduction and yet balance the budget, we dare not conclude that substantially full employment is an impossible ideal.

High-level production and, with it, high-level employment can be sustained only if there is a high level of total demand. The source of that demand is a combination of consumers' expenditures, business expenditures, and Government expenditures. If one of these shrinks without a compensating expansion in the other two, we pay the price of increased unemployment. In the coming transition years, the slack created by rapidly shrinking Government expenditures must be taken up by expansion in consumer and business expenditures.

Tax revision plays an important but by no means exclusive role in this picture. Many writers over-simplify the post-war economic problem by training their guns on high taxes as the only barrier to permanent full employment. But unemployment can occur in spite of low taxes, as we know from the tragedy of 1929 and the ensuing years. Clearly, no guarantee of high employment can be found in tax policy alone. But well designed taxes can help to keep that goal within reach. The major economic objective of tax policy is to raise any designated amount of revenue in the manner most compatible with full employment. From this it follows that, in reducing taxes, attention should be directed not so much toward general, across-the-board reductions, as toward selective or specific reductions where they can do the most good for the economy. The tax paring knife should be applied where it is most likely to stimulate investment and remove restraints on consumer markets.

It may be unpalatable, yet it is inescapable, that the American public will have to reconcile itself to a high level of taxes after the war. To admit this is not to rule out considerable tax reduction and, perhaps more important, a very substantial reconstruction of our tax system. Attention to tax structure is made all the more imperative by the fact that taxes will have to be high.

Economic Considerations in Tax Revision

What considerations should control policy decisions in reconstructing our tax system for the post-war period? As I have just indicated, the primary concern in post-war tax planning is to raise the necessary amount of revenue with the minimum restrictive effect on business investment and consumer spending. This consideration calls for an appraisal of the impact of each tax or tax change upon the forces which motivate businessmen and consumers.

Many questions must be answered before we can decide what tax measures have the most favorable economic overtones. For example, there is the basic question: What taxes are less discouraging to a high level of employment and business activity, those which fall chiefly on consumption, or those which fall chiefly on investment? One point of view holds that businessmen must have the assurance of consumer markets to induce them to invest and expand. This view calls for taxes which tread lightly on consumer purchasing power. It would concentrate tax reduction in the excise taxes and lower-bracket individual income taxes. The opposing view sees the taxes which impinge directly on business profits as the chief influence on the volume of investment. This approach lays the greatest stress on easing the taxes which cut down the profits from investment. It would concentrate reductions in the taxes on corporate profits and high individual incomes.

One also comes face to face with a related question: At what point do taxes take hold on incentives? Is it on the incentives of the individual investor, or is it on the incentives of the business managers? Advocates of both points of view can readily be found. One group maintains that the way to increase incentives and stimulate investment is to lighten the taxes on the individual investor, since he is the primary custodian of potential investment funds. Another view holds that the business manager is at the nerve center of the economic system. His decisions to build a plant or buy new machinery or increase inventories are the key which unlocks the door to a high level of investment. His decision to invest, it is said, will quickly call forth the necessary funds from retained corporate profits, from banks, and from individual investors. This view points to lower corporate taxes as the most reliable investment stimulant.

No doubt, there is truth in each of the views on each of these questions, and it is a delicate task to strike a correct balance. In doing so, an important fact becomes clear, namely, that tax rates and exemptions are only a part of the story. More and more, it is becoming recognized that non-rate factors may have fully as great an impact on people's willingness to incur business risks. For example, in computing income and profits taxes, the tax deterrents to risk-taking can be materially lessened by permitting the losses of one year to be offset against gains in other years. A five or six-year carryover of losses is widely advocated. Loss offsets make the Government a partner in losses as well as in gains, thus improving the terms of the investment bargain.

Accelerated Depreciation

Another proposal designed to improve investment odds without changing rates and exemptions is the allowance of accelerated depreciation. This proposal does not relate to an increase in the depreciation rate to accompany a more-than-normal rate of use and exhaustion of an asset, which is one usage of the term accelerated depreciation. It relates rather to any of a number of possible plans under which depreciation allowances for tax purposes on newly acquired assets would be speeded up without any necessary relation to the actual rate at which these assets were wearing out. This proposal would allow taxpayers to write off capital assets more rapidly than would be considered reasonable in computing income under any generally accepted accounting practice. The chief direct effect of accelerated depreciation would be to postpone business taxes with respect to earnings of a new asset by enlarging the deductions for depreciation in the early years of its life and accordingly shrinking the deduction in the later years of its life.

Accelerated depreciation would improve investment odds by allowing the tax payer a speedier recovery of any given capital outlay. Acceleration would add to his recovery of investment in the early years of asset life an amount that would otherwise go to the Government in taxes, thus reducing the risk from later loss or unexpected obsolescence.

Proponents of accelerated depreciation for the post-war period have placed varying emphasis on four major ends which they contend it would serve. Some stress the argument that it would increase total investment in plant and equipment, thereby stimulating employment and business activity. Others see in accelerated depreciation a means of speeding up the replacement of obsolescent machinery, thereby increasing the efficiency of production. Third, it is urged that in certain forms it would spread replacement and new investment more evenly over the different stages of the business cycle, thereby helping to minimize business fluctuations. Finally, some emphasize that it would stimulate investment on the part of small and expanding firms, thereby improving the competitive structure.

Without discussing here the economic points involved, it is suggested that various methods of accelerating depreciation could be designed which would tend to achieve one or another, or perhaps all, of these results. Like most tax inducements, this one would have its price, even though no one contemplates granting more than 100% depreciation. In this case, the price would be postponement, to some extent a permanent postponement, of revenue. This permanent postponement under the acceleration scheme constitutes an actual long-run loss of revenue. This raises the question, of course, whether other measures involving a similar revenue loss would be more effective or less effective in promoting desirable economic activity and distributing tax burdens equitably.

Opponents of acceleration have raised a number of objections to it. One is that it would depart from standard accounting procedures and from a quarter century of peacetime income tax policy and practice. Many accountants have asserted, with a good deal of anguish, that accelerated depreciation would undermine their lifelong efforts to teach businessmen sound principles of income determination.

Accelerated depreciation has also been opposed on the ground that it favors the strong over the weak. It is claimed that the established concern with a large income could take full advantage of the allowance, while the new or struggling firm, having little if any income against which to charge the larger amount of depreciation, would derive only minor benefits from it. The fact that small and expanding businesses have in general shown more interest than large and established ones in accelerated depreciation suggests, however, that the benefits would by no means be restricted to the larger corporations.

The question of allowing accelerated depreciation during the transition period as distinguished from the post-war period involves special considerations. It seems clear that no recognition should be given to acceleration in computing the excess profits tax and the carrybacks. Otherwise capital acquired for peacetime production would be charged against wartime income while the taxable profits thereby postponed until later years would be taxed at lower post-war rates. The resulting subsidy would be especially objectionable since under this treatment the corporations with the most favorable wartime experience would in general also receive the most benefits from acceleration in the transition period.

Another argument against allowing acceleration during the transition is that inflationary pressures are likely to continue strong in this period. If investment demands were given strong additional impetus during such a period, the result might well be not more plant and equipment but more inflation.

The question of when acceleration, if allowed, should go into effect, is only one of several knots that would have to be untied before a plan could be put into operation. Other questions, for example, are whether acceleration would be limited to machinery and equipment or extended to plants and other buildings, and whether it would be limited to small businesses or extended to large and small alike.

It should be observed that a considerable speeding up of depreciation is and has been available under existing law and regulations, but taxpayers have rarely availed themselves of it. I refer to the declining balance method of computing depreciation. Although this method has not had any considerable adoption in this country, it is the method ordinarily used in Great Britain for depreciating machinery and equipment. Under the declining balance method an asset with a useful life of 20 years and a scrap value of 10% would, at the end of five years, be 44% depreciated as compared to 25% under the commonly used straight-line depreciation method.

Much has been said on both sides of the proposal to allow accelerated depreciation, and I have endeavored here to do no more than open up the question. Those now studying post-war tax problems would very much like to have the benefit of additional facts and of your views concerning accelerated depreciation.

Other Objectives of Tax Policy

Another important objective of tax policy is that the tax load should be distributed in a fair and equitable manner. The importance of tax equity is only one reason, but a very important one, why the individual income tax will undoubtedly have the central position in the post-war Federal tax system. Net income is the best single measure of taxpaying ability and the individual income tax permits adjustment of the tax to the relative abilities and responsibilities of the taxpaying public.

Equity also requires taxes which allow no special privileges and impose no special penalties, which have a minimum of loopholes and of hardships. Equity requires uniform administration. Indeed, one test of a good tax is that it be one that can be uniformly administered at moderate cost and without undue annoyance and expense to taxpayers.

The simplification of the tax system, and especially of the income tax, is another worthwhile tax objective. The income tax is in general self-assessed. The cooperation and good will of the great majority of taxpayers are necessary to its successful operation. Taxpayers must understand the taxes they are called upon to pay if cooperation and good will are to be fruitful. Unfortunately, a tax that ranks high in equity usually ranks low in simplicity; there must be a partial sacrifice of each in order to achieve the other in satisfactory degree. The specialized technical provisions of the law which cause the loudest complaints have usually been placed in the law at the request of taxpayers in order to achieve greater equity. It is fortunate that they ordinarily apply to only a limited number of taxpayers. Any broad view of tax simplification must distinguish between the complications which affect the few and those which affect the many. A great deal of progress has already been made in simplifying taxes for the many.

Finally, the taxpayer and especially the business taxpayer desires and needs the maximum possible certainty in the tax structure and in tax rates so that he may plan with more assurance. This objective ranks high in the factors which should influence post-war tax adjustment. It cannot be expected that in a world full of change the tax structure or tax rates can be kept rigid. One may also observe that a large proportion of tax changes arise from the demands of taxpayers who believe they are not being equitably treated under existing law. Moreover, the Government cannot stand by and fail to ask for changes which experience has demonstrated are necessary. Nevertheless a good deal can be done to prevent avoidable tax changes. To achieve maximum stability it is important that the post-war tax revisions be made with great care and after adequate study so that a minimum of later correction will be required.

Conclusion

In bringing my remarks to a close, I wish to emphasize something I am sure you have all observed, namely, that this discussion has been highly selective. I have made no attempt to examine with you more than a few of the many tax problems we face in the immediate future. Many others have not been discussed, including important issues such as the disposition of the excess profits tax, the so-called double taxation of distributed corporate profits, the taxation of small business, the tax treatment of capital gains and losses, the rates and exemptions of the individual income tax, the structure of the estate and gift taxes, and so on. I assume that the discussion to follow will bring out questions on these and other Federal tax problems.

Let me add that we in the Treasury welcome and value your questions and comments on matters of Federal tax policy. Through them we can obtain a better conception of the problems of those who must pay the taxes and a clearer idea of the effects of proposed tax modifications. An interchange of ideas can, moreover, contribute to public comprehension of the difficult problems involved in tax policy and tax administration. Better mutual understanding is a worthy goal for tax discussion.

Proposes Safeguarding Operations of BW Fund

(Continued from page 2846)

Stabilization Fund as set up by the Bretton Woods Conference. This revision in attitude is undoubtedly largely due to the amendments (in the form of instructions) which were attached to the plan by the House of Representatives.

Burgess' Attitude

However, the ABA spokesman stated that he personally would like to see a postponement of the operation of the Monetary Fund, but in a reply to Senator Alben Barkley (Dem., Ky.), said: "If I were in your place, with the action of the House before me, I would proceed to safeguard the fund rather than to postpone its operation. I recognize," he added, "that you are headed in the direction accepted by the House." The safeguards provided by the House bill would prevent the Monetary Fund from providing long-term stabilization loans and would unify the American representatives on the Bank and the Fund. Mr. Burgess, however, still maintains that this last provision is inadequate to assure coordination of the operations of the Fund and the Bank.

Mr. Burgess pointed out that though the House bill calls for merging the offices of the United States representative serving as a governor on the Bank and of the Fund, he recommended that the executives of both institutions also merge their functions, so that the same directors would serve on each. The present formal set-up provides for separate directors for the Bank and Fund, with alternates for each. In the opinion of Mr. Burgess, this is too large a number. The plan of having separate Bank and Fund directors should be changed as there "is a very good chance here of too many cooks spoiling the broth."

Is Bretton Woods Inflationary?

In the course of his testimony Mr. Burgess, in response to a question by Senator Radcliffe of Maryland, discussed the inflationary aspects of the Bretton Woods Fund. Senator Radcliffe asked whether Mr. Burgess considered the Fund might be inflationary in view of the scarcity of goods in this country and the fact that the purchases by foreign nations would tend to increase demand. To this Mr. Burgess replied: "I think, Senator, it is largely a question of timing. I think over a period of years we are pretty well agreed that we want a flow of investments from this country abroad, wisely and properly made. Now, the trouble about timing in human affairs is that we all get on the waves of feeling about things. The country is now almost pathologically international-minded, so that they are not patient with even stopping to think about things, and that means that we are going to pour out money too freely abroad. I have been through it twice myself. . . .

"I think we want to look every gift horse in the mouth, and we have to do it case by case," he added. "I don't believe you can sit back and say: 'Well, we ought to lend five billions abroad this year and six billions next.' There is already, of course, a huge buying power for our products. I think Harry White gave you some figures on that a few days ago, on the amount of dollars that countries already have and the means that have become available to them in one way or another."

Senator Taft asked: "Mr. Burgess, will you explain why you think this Fund is more inflationary in fact than the ordinary loan made by the Bank?"

Mr. Burgess replied: "Well, in the first place, the use of gold, pouring $1,800,000,000,000 of our gold into this. . . . All that, of course, goes directly in the credit stream and expands the bank deposits and purchasing power, and could do it many-fold. I don't think, as a matter of fact, it will do that, because the Federal Reserve System has the power to offset that by the sale of Government securities. I say I don't know. All of this is a question in terms of the minds of the people, of how we think of these things. The business cycle is not an economic phenomenon; it is a psychological one, and the people are moving in a direction . . . and here we are in the middle of an inflation period. This is a time for caution. I know a banker who has a sign up on his door: "In prosperity—caution; in adversity, courage." This is a time for caution!"

ABA Position Misinterpreted

Because of Mr. Burgess's testimony before the Senate committee, there appears to be an erroneous impression, given in the press, that the American Bankers Association has reversed its attitude towards the Bretton Woods Fund and, in the light of the House amendments, is now as satisfied with the Fund as with the Bank. This is not a correct description of the American Bankers Association's present position, as becomes clear from a careful reading of the foregoing statement issued by the American Bankers Association at the time of President Burgess' Senate testimony, though Mr. Burgess' letter to Congressman Spence on May 28 did express considerable gratification with the efforts the House committee had made to safeguard the Fund through amendments to HR 3314, he made it clear in a press conference in New York about the same time that the American Bankers Association had not given up its purpose of seeking in the Senate further protection of the Fund and of this country's interest therein.

Calendar Of New Security Flotations

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

THURSDAY, JUNE 28

HAMILTON WATCH CO on June 9 filed a registration statement for 35,000 shares of 4% convertible preferred stock (par $100).

Details—See issue of June 14.

Offering—Preferred shares are being offered by the company to the holders of its common shares at the rate of one preferred share for each 11 common shares at a price to be filed by amendment. The unsubscribed shares will be purchased by the underwriters.

Underwriters — Union Securities Corp., Dillon, Read & Co., Inc., Harris, Hall & Co., Inc., Morgan Stanley & Co. and Reynolds & Co.

BURLINGTON MILLS CORP. on June 9 filed a registration statement for 150,000 shares of preferred stock (par $100). The dividend rate will be filed by amendment.

Details—See issue of June 14.

Offering—Price to the public will be filed by amendment.

Underwriters—Kidder, Peabody & Co. head the underwriting group, with names of others to be filed by amendment.

A. S. CAMPBELL CO., INC. on June 9 filed a registration statement for 18,000 shares $2.50 cumulative preferred stock (no par) with warrants and 18,000 shares common stock (par $1). The common shares are reserved for issuance upon exercise of the warrants.

Details—See issue of June 21.

Offering—The price to the public will be filed by amendment.

Underwriters—G. H. Walker & Co. is named principal underwriter.

MOUNTAIN STATES POWER CO. on June 9 filed a registration statement for $7,500,000 first mortgage bonds, due July 1, 1975. The bonds are to be sold at competitive bidding, with the successful bidder naming the interest rate.

Details—See issue of June 14.

Underwriters—To be filed by amendment.

SATURDAY, JUNE 30

ED. SCHUSTER & CO., INC., on June 11 filed a registration statement for 18,504 shares of 4¼% cumulative preferred stock ($100 par). The total includes 13,679 shares to be sold by the company and 4,825 shares to be sold by certain stockholders.

Details—See issue of June 14.

Offering—Price to the public will be filed by amendment.

Underwriters—Wisconsin Co. heads the underwriting group.

THE TRAILMOBILE CO. on June 11 filed a registration statement for 40,000 shares $2.25 cumulative convertible preferred stock, par $50.

Details—See issue of June 14.

Offering—Price to the public will be filed by amendment.

Underwriters—The underwriters are W. E. Hutton & Co., Paul H. Davis & Co. and Bacon, Whipple & Co.

CUP MACHINE SERVICE CORP. on June 11 filed a registration statement for 8,000 shares of preferred stock ($50 par) and 75,000 shares of common stock (10 cents par).

Details—See issue of June 21.

Offering—The preferred stock will be sold at $50 and the common stock at 10 cents per share.

Underwriting—None.

SUNDAY, JULY 1

CONTINENTAL BAKING CO. on June 12 filed a registration statement for $16,500,000 20-year 3% debentures due July 1, 1965.

Details—See issue of June 21.

Underwriters—Wertheim & Co. and Lehman Brothers.

O. K. CO-OP RUBBER WELDING SYSTEM on June 12 filed a registration statement for 500 shares, par value $1,000 designated as "participating members shares" and 800 units of $500 each of preferred 7% debenture certificates.

Details—See issue of June 21.

Offering—The securities are to be sold at their par or face value to the owners and operators of O K Tire Servicing Stores and to employees, customers and suppliers of the trust and of the several businesses being acquired by the trust.

Underwriting—None named.

UNION OIL CO. OF CALIF. on June 12 filed a registration statement for $25,000,000 2¾% debentures due June 1, 1970 and 250,000 shares $3.75 cumulative preferred stock, Series A (no par).

Details—See issue of June 21.

Underwriters—Dillon, Read & Co., Inc., is to head the underwriting group, with names of others to be filed by amendment.

MONDAY, JULY 2

PANHANDLE EASTERN PIPE LINE CO. on June 13 filed a registration statement for $150,000 shares of cumulative preferred stock (par $100). The dividend rate will be filed by amendment.

Details—See issue of June 21.

Underwriters—The underwriting group is headed by Kidder, Peabody & Co., Glore, Forgan & Co. and Merrill Lynch, Pierce, Fenner & Beane.

WEDNESDAY, JULY 4

SEEGER-SUNBEAM CORP. on June 15 filed a registration statement for 500,000 shares of common stock (par $5). The shares are issued and outstanding and are being sold by certain stockholders.

Details—See issue of June 21.

Underwriters—F. Eberstadt & Co.

KROEHLER MFG. CO. on June 15 filed a registration statement for 11,105 shares of preferred stock ($100 par). The shares are issued and are being sold by certain stockholders.

Details—See issue of June 21.

Underwriters—A. G. Becker & Co., Inc., heads the list of underwriters.

CONTAINER ENGINEERING CO. on June 15 filed a registration statement for 25,000 shares common stock (par $10).

Details—See issue of June 21.

Offering—Price to the public is given as $35 per share.

Underwriters—William L. Ullrich, St. Louis, will manage the sale of the entire issue.

EDISON BROTHERS STORES, INC. on June 15 filed a registration statement for 50,000 shares of cumulative preferred stock (par $100). The dividend rate will be filed by amendment.

Details—See issue of June 21.

Underwriters—The underwriting group is headed by Lehman Brothers, G. H. Walker & Co. and Bacon, Whipple & Co.

THURSDAY, JULY 5

R. J. REYNOLDS TOBACCO CO. on June 16 filed a registration statement for 490,000 shares of preferred stock, par $100. The dividend rate will be filed by amendment.

Details—See issue of June 21.

Offering—The company plans to offer to holders of its common stock and Class B common, of record July 7, pro rata rights to subscribe to the new preferred in the ratio of one-twentieth of one share for each share of such stocks held. The warrants will expire July 21. The unsubscribed portion will be offered to the public through underwriters. The price to stockholders and the public will be filed by amendment.

Underwriters—Dillon, Read & Co., Inc., and Reynolds & Co. head the underwriting group, with names of others to be filed by amendment.

SATURDAY, JULY 7

BRISTOL-MYERS CO. on June 18 filed a registration statement for 75,000 shares of 3¾% cumulative preferred stock (par $100).

Details—See issue of June 21.

Underwriters—Wertheim & Co. will head the underwriting group.

SUNDAY, JULY 8

GERBER PRODUCTS CO. has filed a registration statement for 15,000 shares 4½% cumulative preferred stock (par $100), and 54,694 shares common (par $10).

Address—Fremont, Mich.

Business—Producer of food products for babies and young children.

Offering—Offering price will be filed by amendment.

Proceeds—Net proceeds will be added to general funds. A tentative program contemplates expenditure of $925,000 for additional construction, machinery, equipment and facilities of which $350,000 will, if possible be used in the current fiscal year.

Underwriters—A. G. Becker & Co., Inc., heads underwriting group.

Registration Statement No. 2-5784. Form S-2. (6-19-45).

MONDAY, JULY 9

COLEMAN CO., INC., has filed a registration statement for 30,400 shares of 4¼% cumulative preferred stock (par $50) and 23,692 shares of common (par $5). Of shares registered all but 20,000 shares of preferred are issued and outstanding and are being sold for account of certain stockholders.

Address—Wichita, Kansas.

Business—Manufacturers of heaters and furnaces.

Offering—Price to public will be filed by amendment.

Proceeds—Proceeds will be added to general funds and will be used in connection with future and post-war programs.

Underwriters — Underwriting group is headed by Goldman, Sachs & Co., Paul H. Davis & Co. and Stern Brothers & Co.

Registration Statement No. 2-5785. Form A-2. (6-20-45).

METROPOLITAN CLUB, INC., has filed a registration statement for $2,000,000 25-year 2½% refunding mortgage bonds.

Address — One East 60th Street, New York City.

Business—Club.

Offering—Company is offering, at 90% of principal amount, $2,000,000 of the refunding mortgage bonds, due May 1, 1970, in connection with a program for refunding existing first mortgage indebtedness of $1,400,000. The Club has effected a settlement of interest in arrears on its first mortgage indebtedness, a reduction of the principal to $1,400,000 and an extension of the maturity to April 1, 1953. The club is now prepared to proceed with the remainder of the refunding and rehabilitation program and it is offering primarily the issue of $2,000,000 of bonds to its membership.

Purpose—For refunding.

Underwriters.—None.

Registration Statement No. 2-5786. Form S-1. (6-20-45).

HOUSEHOLD FINANCE CORP. has filed a registration statement for $15,000,000 2¾% sinking fund debentures, due July 1, 1970.

Address — 919 North Michigan Avenue, Chicago, Ill.

Business—Engaged in small loan business.

Offering—Price to public will be filed by amendment.

Proceeds—Net proceeds will be used to reduce short term bank loans.

Underwriters—Lee Higginson Corp., Kidder, Peabody & Co. and William Blair & Co. head underwriting group.

Registration Statement No. 2-5787. Form A-2. (6-20-45).

NATIONAL SECURITIES & RESEARCH CORP. has filed a registration statement for 4,000,000 shares (Bond series, low-priced bond series, preferred stock series, income series, general series, stock series, industrial stock series, selected group series and low-priced common stock series).

Address—120 Broadway, New York City.

Business—Investment company.

Offering—At market.

Proceeds—For investment.

Underwriters—National Securities & Research Corp. is named sponsor.

Registration Statement No. 2,5788. Form C-1. (6-20-45).

MACWHYTE CO. has filed a registration statement for 82,559 shares of common stock (par $10). Of total registered 40,000 shares are being sold by company and 42,559 shares are being sold by certain stockholders.

Address—2906 14th Avenue, Kenosha, Wisc.

Business—Manufacture of wire rope, etc.

Offering—The price to the public will be filed by amendment.

Proceeds—Of net proceeds company will apply $416,350 to redemption on Nov. 1, 1945, of entire outstanding 8% cumulative preferred stock, balance of proceeds will be added to funds and employed toward replacement of machinery and equipment in plant as new machinery and equipment becomes available.

Underwriters—Central Republic Co., Inc. is named principal underwriter.

Registration Statement No. 2-5789. Form S-1. (6-20-45).

SKELLY OIL CO. has filed a registration statement for $10,000,000 20-year 2¾% debentures due July 1, 1965.

Address—Skelly Building, Tulsa, Okla.

Business—Oil and gas business, etc.

Offering—Price to public will be filed by amendment.

Proceeds—Proceeds will be applied to redemption of $10,000,000 3% debentures plus 1½% prepayment premium. Any balance necessary will be paid out of general funds.

Underwriters—Eastman, Dillon & Co. is named principal underwriter.

Registration Statement No. 2-5790. Form S-1. (6-20-45).

TUESDAY, JULY 10

CRANE CO. has filed a registration statement for 160,000 shares of 3¾% cumulative preferred stock (par $100).

Address—836 South Michigan Avenue, Chicago, Ill.

Business—Manufacture of brass, iron and steel valves, fittings and appliances for controlling and conveying water, oil and other liquids, etc., heating apparatus, etc.

Offering—Price to public will be filed by amendment.

Proceeds—Proceeds, together with treasury funds, will be applied to redemption of 192,803 shares of 5% cumulative convertible preferred stock which company intends to call for redemption on or about Aug. 17, at $105 per share plus dividends. Redemption of stock, with premium, will require $20,244,315.

Underwriters — Underwriting group is headed by Morgan Stanley & Co. and Clark, Dodge & Co.

Registration Statement No. 2-5791. Form A-2. (6-21-45).

WEDNESDAY, JULY 11

JACOB RUPPERT has filed a registration statement for 34,550 shares of cumulative preferred stock ($100 par) and 200,000 shares of common ($5 par). Dividend rate on preferred will be filed by amendment. Of shares registered 15,000 shares of preferred are being sold by the company, and all remainder for the account of certain stockholders.

Address—1639 Third Avenue, New York, N. Y.

Business—Brewing and selling fermented malt beverages.

Offering—Offering price of preferred and common stocks to public will be filed by amendment.

Proceeds—Company will apply its share of proceeds, together with treasury cash, to redemption at 103 on or about Aug. 18, 1945, of the $2,096,000 5% sinking fund debentures, due July 1, 1950.

Underwriters — Underwriting group is headed by The First Boston Corp. and Merrill Lynch, Pierce, Fenner & Beane.

Registration Statement No. 2-5792. Form S-1. (6-22-45).

TRUSTEED FUNDS, INC., has filed a registration statement for 1,000 plans C and D and 1,000,000 theoretical units.

Address—33 State Street, Boston, Mass.

Business—Investment trust.

Offering—At market.

Proceeds—For investment.

Sponsor—Trusteed Funds, Inc., is named sponsor.

Registration Statement No. 2-5793. Form C-1. (6-22-45).

CHAMPION PAPER & FIBRE CO. has filed a registration statement for $13,000,000 3% debentures due July 15, 1965, and 100,000 shares of cumulative preferred stock (no par). Dividend rate will be filed by amendment.

Address—Hamilton, Ohio.

Business—Paper manufacturer.

Offering — Offering price of debentures will be filed by amendment. Company is offering to holders of its 115,000 shares of 6% cumulative preferred the right to exchange such shares for the new preferred shares. The exchange ratio is based upon the redemption price, including accrued dividends of 6% preferred stock and offering price for new preferred plus accrued dividends. In the event that more shares of 6% preferred are deposited for exchange than there are shares of new preferred available, the new shares will be allocated. Any shares of new preferred not issued in exchange will be purchased by the underwriters and sold to public at a price to be named by amendment.

Proceeds—Proceeds from sale of the debentures and preferred stock will be used to redeem at par $250,000 3¾% first mortgage bonds and at 103¼ $10,250,000 3¾% first mortgage bonds, to prepay 2¾% promissory notes in amount of $650,000 and balance added to the general funds and used in connection with the redemption at $110 per share of any unexchanged 6% preferred stock outstanding.

Underwriters — Goldman, Sachs & Co. heads the group of underwriters, with others to be filed by amendment.

Registration Statement No. 2-5794. Form S-1. (6-22-45).

THURSDAY, JULY 12

PHILADELPHIA & READING COAL & IRON CO. has filed a registration statement for 412,596 common shares (par $1), and warrants to purchase a like number of common shares.

Address — Reading Terminal, 12th and Market Streets, Philadelphia, Pa.

Business—Production and sale of anthracite coal.

Offering—Warrants to purchase 4 common shares for each 10 shares held will be mailed on July 18, 1945, to holders of record July 16, 1945. The subscription price and the public offering price of any shares purchased by underwriters will be filed by amendment. In exercising warrants, holders of the general mortgage 6% income bonds to which the stock certificates of the reorganized company are attached may use their bonds in payment of the subscription price for the new common shares up to 95% of the original amount of these bonds, a 5% payment in reduction of principal having been made on these bonds on April 1, 1945.

Purpose—Net proceeds from sale of the stock, together with such amount of cash from company's treasury as may be necessary, plus proceeds from a $4,000,000 bank loan will be used to retire without premium at unpaid principal amount thereof all general mortgage 6% income bonds of the company, of which $9,799,155 were outstanding on April 30, 1945.

Underwriters—Harriman Ripley & Co., Inc., and Drexel & Co., head the underwriting group.

Registration Statement No. 2-5795. Form S-1. (6-23-45).

COOK PAINT AND VARNISH CO. has filed a registration statement for 50,000 shares of prior preference stock, Series A. Stock will bear dividends of $3 per annum cumulative from June 1, 1945, and has a par value of $60.

Address—1412 Knox Street, North Kansas City, Mo.

Business—Manufacture of paints, varnishes, enamels, etc.

Offering—The company will offer 35,000 shares of the new preferred stock under an exchange and subscription offer to holders of outstanding Series A $4 preferred stock. Remaining 15,000 shares and such of the 35,000 shares as are not issued pursuant to the exchange and subscription offer are to be sold to underwriters who will offer them to the public at a price to be fixed by amendment.

Proceeds—Company will apply part of the proceeds from the sale of the preferred stock to redeem on Sept. 1, 1945, at $65 per share and accrued dividends, all of the shares of Class A $4 preferred that are unexchanged. Balance of not proceeds will be added to general funds, to be used for such operating and business purposes as opportunities present themselves.

Underwriters — Underwriters are Stern Brothers & Co., Kidder, Peabody & Co., Harris, Hall & Co., Inc., Boettcher & Co., Bosworth, Chanute, Loughridge & Co., Kebbon, McCormick & Co., Watling, Lerchen & Co., First Trust Co. of Lincoln, Neb., Baum, Bernheimer Co., Beecroft, Cole & Co., Burke & MacDonald and Prescott, Wright, Snider Co.

Registration Statement No. 2-5796. Form A-2. (6-23-45).

SATURDAY, JULY 14

SOUTHERN BELL TELEPHONE & TELEGRAPH CO. has filed a registration statement for $45,000,000 2¾% debentures, due Aug. 1, 1985.

Address—67 Edgewood Avenue, Atlanta, Ga.

Business—Telephone business.

Offering—Price to the public will be filed by amendment.

Proceeds—Net proceeds are to be applied toward retirement of company's 25-year 3¼% debentures, due April 1, 1962, in like principal amount, which company intends to call for redemption on Oct. 1, 1945, at 103 and interest. Balance required for retirement of bonds will be obtained from other funds of company.

Underwriters—Company will offer the bonds for sale at competitive bidding and the names of underwriters will be filed by amendment. Bids will be received until 11 a.m. on July 30, 1945.

Registration Statement No. 2-5797. Form A-2. (6-25-45).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AMERICAN ENGINEERING CO. on Feb 27 filed a registration statement for $3,000,000 5% 15-year sinking fund debentures due 1960 and 200,000 shares of common stock. Of the stock registered 132,000 shares are issued and outstanding and being sold by stockholders.

Details—See issue of March 8.

Offering—The debentures will be offered at 100 and the common stock at $7.50 per share

Underwriters—Van Alstyne, Noel & Co. heads the underwriting group, with the names of others to be supplied by amendment.

ARKANSAS-MISSOURI POWER CORP. on Dec. 4 filed a registration statement for $2,000,000 first mortgage bonds, series A, 3⅛%, due Dec. 1, 1974.

Details—See issue of Dec. 7, 1944.

Offering—The bonds will be offered for sale at competitive bidding.

CENTRAL OHIO LIGHT & POWER CO. on Dec. 28 filed a registration statement for 11,972 shares of preferred stock, cumulative ($100 par). The dividend rate will be filed by amendment.

Details—See issue of Jan. 4, 1945.

Offering—Company proposes to invite proposals for services to be rendered to it in obtaining acceptances of the exchange offer of new preferred stock for old preferred and for the purchase from it of such of the 11,972 shares as are not exchanged pursuant to the exchange offer.

COLGATE - PALMOLIVE - PEET CO. on June 7 filed a registration statement for 125,000 shares of $3.50 preferred stock (no par).

Details—See issue of June 14.

Offering—Company expects to offer holders of its $4.25 outstanding preferred an opportunity to exchange such stock for the new preferred on a share for share basis plus a cash adjustment. Cash proceeds to be received from the sale of unexchanged shares to underwriters, together with treasury funds of the company to the extent required, will be applied to redeem at $101 per share plus accrued dividends all unexchanged shares.

Underwriters—Dillon, Read & Co., Inc. head the underwriting group, with names of others to be filed by amendment.

COMMERCIAL CREDIT CO. on June 7 filed a registration statement for 250,000 shares of preferred stock ($100 par). Dividend rate will be filed by amendment.

Details—See issue of June 14.

Offering—Company is offering the holders of the 121,938 shares of 4¼% cumulative convertible preferred stock to exchange their stock, share for share, for the new preferred. The underwriters have agreed to purchase any of the 250,000 shares of preferred not issued in exchange for outstanding preferred. Company will call any of the old preferred at $105 per share plus accrued dividends.

Underwriters —Kidder, Peabody & Co. and First Boston Corp. are named principal underwriters.

COVENTRY GOLD MINES, LTD. on April 21 filed a registration statement for 333,333 shares of common stock.

Details—See issue of April 26.

Offering—Price to the public is 30 cents per share.

Underwriters—None named. The company proposes to market its own securities.

ELECTROMASTER, INC. on March 29 filed a registration statement for 107,923 shares of common stock, par $1. All of the stock is issued and outstanding and is owned by Nash-Kelvinator Corp. (being 55.17% of total outstanding stock).

Details—See issue of April 5.

Offering—Offering price to the public is $8 per share.

Underwriters—S. R. Livingstone & Co., and Mercier, McDowell & Dolphyn, both of Detroit.

ELLIOTT CO. on June 8 filed a registration statement for 40,000 shares of 5% cumulative preferred stock (par $50) and 86,406 shares of common (par $10).

Details—See issue of June 14.

Offering—Price to the public will be filed by amendment. Company proposes to call its 5½% cumulative convertible preferred stock and, to the extent that common shares reserved for reconversion of preferred are not issued for such purpose, company proposes to sell such common shares to the underwriter.

Underwriters—F. Eberstadt & Co. is named principal underwriter.

FAIRMONT CREAMERY CO. on May 29 filed a registration statement for 60,000 shares of preferred stock, 4% ($100 par) and 62,773 shares of common stock (no par).

Details—See issue of June 7.

Business—Dairy industry.

Offering—The company is offering 40,000 shares of the new preferred on a share for share basis to the holders of a like amount of outstanding convertible preferred stock and is offering 42,773 shares of new common to holders of common at the rate of one share for each ten shares held. The subscription price will be filed by amendment. The remaining 20,000 shares of new preferred and any unexchanged shares purchased by the underwriters will be offered to the public at a price to be filed by amendment. The remaining 20,000 shares of common are to be issued by the company solely for the acquisition of additional property.

Underwriters—To be supplied by amendment.

GASPE OIL VENTURES, LTD., on May 8 filed a registration statement for 1,500,000 shares of common stock ($1 par) and 200,000 common share purchase warrants and 200,000 shares of common reserved for warrants.

Details—See issue of May 17.

Business—Exploration and development of oil wells.

Offering—Price to the public is 60 cents per share. The underwriter will receive purchase wararnts for the purchase of 2,000 shares of common for each 15,000 shares of common stock sold in the offering at a price of 45 cents per share.

Underwriter—Tellier & Co.

A. HARRIS & CO. on April 23 filed a registration statement for 7,000 shares of 5½% cumulative preferred stock (par $100).

Details—See issue of April 26.

Offering—The new preferred will be offered initially to the common stockholders at $100 per share on the basis of one share of preferred for each share of common. Any shares not subscribed will be offered pro rata to the former holders of the 7% preferred shares which shares have been called for redemption on May 1, 1945. Any balance will be offered to the public by the underwriter at $102.

Underwriters—Dallas Rupe & Son of Dallas, Texas.

LAISTER-KAUFFMAN AIRCRAFT CORP. on April 19 filed a registration statement for 17,702 shares first preferred stock, 6% cumulative (par $25), 262,314 shares class A common (par $1), 250,000 shares class B common (par 5 cents) and 260,136 shares class C common (par 5 cents).

Details—See issue of April 26.

Underwriters—John R. Kauffman Co. is named principal underwriter.

LIBERTY LOAN CORP. on June 4 filed a registration statement for 65,000 shares of cumulative preferred stock, 50-cent convertible series (par $5).

Details—See issue of June 14.

Offering—Price to the public is $10 per share.

Underwriters—Sills, Minton & Co., Inc., Chicago, is named principal underwriter, with names of others to be filed by amendment.

MAJESTIC RADIO & TELEVISION CORP. on April 24 filed a registration statement for 61,965 shares of common stock, one cent par value. The shares are being sold by certain stockholders.

Details—See issue of May 3.

Offering—Price to the public will be $5.50 per share.

Underwriters—Kobbe, Gearhart & Co., Inc., is named principal underwriter.

MARKET BASKET on June 5 filed a registration statement for 42,548 shares of $1 cumulative Series A preferred (par $15) and 85,095 shares of common (par $1).

Details—See issue of June 14.

Offering—Price to the public will be filed by amendment. Of the total registered, 7,188 shares of preferred and 14,375 shares of common are to be offered by issuer, the balance by certain stockholders. The offering is to be made after reclassification of securities.

Underwriters—Bateman, Eichler & Co. and Nelson Douglass & Co.

MOORE DROP FORGING CO. on June 7 filed a registration statement for 30,000 shares of cumulative convertible preferred stock and common stock. The dividend rate on the preferred, which will be sold for account of the company, will be filed by amendment. The number of common shares to be registered will be filed by amendment. The common stock is being offered by a number of stockholders. The registration statement also covers 20,000 common stock purchase warrants for the purchase of 20,000 shares of common issuable upon the exercise of the warrants and 120,000 shares of common for conversion of the preferred.

Details—See issue of June 14.

Offering—Price to public will be filed by amendment.

Underwriters—Lee Higginson Corp. heads the group of underwriters.

NU-ENAMEL CORP. on March 30 filed a registration statement for 50,000 shares 60-cent cumulative dividend convertible preferred stock, par $5.

Details—See issue of April 5.

Offering—Company is initially offering new preferred to holders of its common stock for subscription at $10 per share on basis of one share of preferred for each 6½ shares of common. Unsubscribed shares will be offered to public by underwriter at $10 per share.

Underwriters—Floyd D. Cerf Co. of Chicago, is named principal underwriter.

PACIFIC GAS & ELECTRIC CO. on May 4 filed a registration statement for 700,000 shares of common stock (par $25). The shares are owned by the North American Co. which is offering them.

Details—See issue of May 10.

Awarded May 22 to Blyth & Co., Inc. at $36.76 7/10 per share.

The SEC on May 23 refused to approve the bid, stating that competition had "been stifled."

PAN AMERICAN AIRWAYS CORP. on June 8 filed a registration statement for 3,986,522 shares of common stock (par $2.50).

Details—See issue of June 14.

Offering—Company will offer 1,993,261 units to shareholders on the basis of one unit for each two shares held. The unit will consist of one share of common stock and a warrant to purchase an additional share at $18 per share. Rights expire Dec. 31, 1947. Atlas Corp. has guaranteed that stockholders will take up to $25,000,000 of the units and in event the subscriptions fall under that amount Atlas will take up sufficient units to bring the total to $25,000,000, with the right to take in excess of $25,000,000 if it desires.

Underwriters—Atlas Corporation.

PORTLAND GENERAL ELECTRIC CO. on June 7 filed a registration statement for $34,000,000 first mortgage bonds, due July 1, 1975. Interest rate will be filed by amendment.

Details—See issue of June 14.

Offering—Price to the public will be filed by amendment.

Underwriters—The bonds will be offered for sale under the Commission's competitive bidding rule and the names of underwriters will be filed by amendment.

POTOMAC EDISON CO. on April 19 filed a registration statement for 63,784 shares of 4½% preferred stock (par $100).

Details—See issue of April 26.

Offering—The company will offer the 63,784 shares of preferred stock in exchange for the 29,182 shares of 7% and 34,602 shares of 6% preferred stock now outstanding on a share for share basis with a dividend adjustment in each case and $5 in cash for each share of 7% preferred stock exchanged.

Underwriters — The company has retained Alex. Brown & Sons as dealer-manager to aid it in obtaining acceptances of the exchange offer.

RACQUET CLUB OF WASHINGTON, D. C. on May 25 filed a registration statement for $492,300 extension first mortgage 3% bonds dated Jan. 1, 1945, to mature Jan. 1, 1965, to replace a like amount of bonds which matured Jan. 1, 1945. The University Club of the City of Washington (guarantor) joined in the application.

Details—See issue of June 7.

Underwriters—None named.

RED BANK OIL CO. on May 31 filed a registration statement for 990,793 shares of common stock (par $1).

Details—See issue of June 7.

Business—Oil and gas business.

Offering—Of the shares registered Bennett & Co., Inc., parent of Red Bank, will receive 209,970 shares in return for a like number of shares loaned to the registrant in connection with the acquisition of 54% of the outstanding stock of Seatex Oil Co., Inc. In addition, 150,000 of the shares registered will be issued to stockholders of Federal Steel Products Corp. in exchange for all of Federal's stock. Bennett & Co., Inc., is the sole underwriter as to an additional 100,000 shares of common registered. The balance of 530,823 shares of stock being registered have heretofore been issued to Bennett & Co., Inc., in exchange for various obligations of the registrant.

Underwriters — Principal underwriter Bennett & Co., Inc., Dallas, Texas.

ST. JOSEPH LIGHT & POWER CO. on Feb. 28 filed a registration statement for 13,056 shares of Class A 5% cumulative preferred stock, par $100.

Details—See issue of March 8.

Offering—The company is offering 13,056 shares of its Class A 5% preferred shares in conversion share for share of the outstanding 5% cumulative preferred shares held by others than Cities Service Power & Light Co.

Underwriters—The company has retained Estabrook & Co., G. H. Walker & Co. and Prescott, Wright, Snider Co. as exchange agents to secure and procure consents of preferred shareholders to the conversion.

The company also proposes to refund the $4,806,000 first mortgage bonds, 4½% series due 1947 and to reduce the aggregate principal amount of its indebtedness to $3,750,000 by redeeming the outstanding bonds and issuing $3,750,000 of new bonds. The bonds will be sold at competitive bidding.

SOUTHWESTERN ELECTRIC SERVICE CO. April 18 filed a registration statement for $2,375,000 first mortgage bonds, 3⅜% series due 1975; 8,500 shares 4¾% cumulative preferred stock (par $100) and 128,935 shares of common (par $1).

Details—See issue of April 26.

Offering — Holders of the outstanding common stock of Southwestern Public Service Co. will be given the right to subscribe to the 128,935 shares of common at the rate of one share of common of Southwestern Electric for each five shares of common of Southwestern Public Service. The subscription price will be filed by amendment. The public offering price of any unsubscribed common and of the bonds and preferred stock will be filed by amendment.

Underwriters—To be filed by amendment.

SOUTHWESTERN INVESTMENT CO. on March 12 filed a registration statement for 12,500 shares preferred stock, convertible, no par, non-participating with cumulative dividend rights of $1 per share per annum, and 60,000 shares of common, no par. Of the latter 20,000 shares is to be reserved to meet conversion requirements of the preferred.

Details—See issue of March 15.

Offering—Holders of the $1.20 preferred stock have been given the option to exchange their stock on a share for share basis for the $1 preferred stock. Any of the $1 preferred not issued in exchange will be offered to the public at $20 per share. Corporation also is offering 11,822 authorized but unissued shares of common at $12.50 per share.

Underwriters—None named.

E. R. SQUIBB & SONS on June 5 filed a registration statement for 150,000 shares of $4 cumulative preferred stock (no par), Stockholders will vote June 25 on authorizing the issuance of the new preferred stock.

Details—See issue of June 14.

Offering—Company is offering to the holders of its 56,894 shares of Series A preferred and 42,012 shares of Series B preferred the right to exchange such shares, on a share for share basis, for the new $4 preferred, with adjustment of dividends of 20 cents on each share of Series A and 5 cents on each share of Series B stock exchanged. The remaining 51,094 shares and the unexchanged shares will be purchased by the underwriters and offered to the public at a price to be filed by amendment.

Underwriters — Union Securities Corp. and Harriman Ripley & Co., Inc., head the group of underwriters, with names of others to be filed by amendment.

STERLING DRUG CO. on June 5 filed a registration statement for 125,000 shares of 3½% cumulative preferred stock ($100 par).

Details—See issue of June 14.

Offering—Price to the public will be filed by amendment.

Underwriters—Eastman, Dillon & Co. heads the list of underwriters, with names of others to be filed by amendment.

UNIVERSAL CAMERA CORP. on March 19 filed a registration statement for 663,500 shares Class A common stock, par value one cent a share, with Class A common stock purchase warrants. Of the total 530,500 are issued and outstanding and are being sold by certain stockholders.

Details—See issue of March 29.

Offering—The initial offering price is $5 per share. Of the 133,000 shares being offered for account of company, 20,000 are to be offered to employees at $4.25 per share. Shares not subscribed for by employees will be sold to public through underwriters along with the rest of the public offering. For every ten shares of common stock bought, purchasers, other than employees, will receive warrants to subscribe to one share of common stock, at $5 per share, on or before Dec. 31, 1948. Employees will receive such warrants for each five shares of common stock purchased.

Underwriters — Floyd D. Cerf Co. is named principal underwriter.

Hearings on stop order proceedings were held before the SEC on April 25.

UTAH OIL REFINING CO. on May 28 filed a registration statement for 198,828 shares of common stock (par $5).

Details—See issue of June 7.

Offering—The company is offering to its stockholders the right to subscribe to one new share at $9 per share for each six shares owned on the record date. Standard Oil Co. of Indiana, the holder of 75.2% of Utah's outstanding common stock, will subscribe to 149,523⅝ shares of the new stock.

Underwriters—None named.

Senate Holds Hearings On Bretton Woods

(Continued from page 2871)

the world for the sake of the foreign "trade" that results—the export "business"—the rest of the world will be justified in looking to us to bear the burden of economic or financial adjustment.

While it is clearly inevitable that this country will some day be up against the problem of taking repayment for the billions of dollars worth of goods and services which the Export-Import Bank, the Bretton Woods program, the repeal of the Johnson Act, etc., will cause to be financed, it is almost equally certain that we shall be mentally and politically unprepared for that role. And if we are not so prepared, much hard feeling and international ill-will is likely to arise from the unrepaid loans and investments. It is for this reason that the London Chamber of Commerce (not to be confused with the American Chamber of Commerce in London) expresses seriout doubts about the International Fund. Its report states:

"If some nations have 'favorable' balances of payments, others must necessarily have 'unfavorable' balances. The country which persistently refuses to accept imports in return for its exports is dealt with under Article VII: The Fund shall try to borrow that nation's currency so as to lend it to the other nations. This can only lead to the other nations getting into further debt to the country which refuses to take their goods. They cannot hope to get out of debt by getting more into debt."

Voluntary and Involuntary Blocked Currency

Dr. Williams told the Senate committee that the repeated advice to "creditor countries" to invest their surplus abroad gets to be very mechanical. "What is the difference between that and blocked currency?," Williams asks. This is a very timely question. For, as we have noted, United States is at the moment "hellbent" for much foreign investment, with downright rivalry to see who will get the credit for doing most to promote the capital outflow. The Nazi currency system is condemned on the grounds that suppliers of Germany were compelled to leave their proceeds blocked in Germany, or accept in exchange such things as Germany cared to sell, aspirin and harmonicas, for examples. This is what Dr. Harry White calls "the harmonica theory of trade."

The main difference between the German system, apart from its war purpose, and the multilateral system now gestating, is that the creditor's choice between the blocking of currency and the taking of the harmonicas and aspirin is to be voluntary rather than involuntary. Also, the powerful creditor country rather than weak Bulgaria is to accept the blocked balances and the harmonics. Less powerful creditors will have a similar Hobson's choice.

Nor is this new system to be fully voluntary. Note in the views of the "Washingtonian," quoted in the article on page —, where he suggests how Britain may finance its transition-period trade deficit, the suggestion that at least one-half of the post-war deficit on current account should be not only blocked, but like the wartime accumulations of blocked sterling, half cancelled. At Bretton Woods one of India's delegates bitterly complained to the writer about this intention, which evidently was disclosed in the executive sessions of the Conference.

Our Bargaining Power Dissipated?

Some witnesses during the Congressional hearings have raised the question of whether our bargaining power in international economic affairs was not dissipated at Bretton Woods, or will not have been dissipated when Congress passes the program and other pending bills. Dr. Williams told the Senators: "I often wonder what we have left to bargain with." Dr. B. M. Anderson made the same point, and with great emphasis. Concerning the amendments which the House incorporated in the enabling bill, Anderson said: "Even the modest changes which the bill seeks to accomplish cannot surely be obtained. We put our money in first under this bill, and then afterwards ask them to change the plan. That is no way to lend money!"

American Chamber in London Advises

What Dr. Williams tells Britishers who suggest that the USA become a big creditor by investing heavily abroad is illuminated in one particular by a paper published May 1 by the American Chamber of Commerce in London, American Participation in British Industry. The paper states that the British will give "a measure of welcome" to new forms of manufacturing enterprise, provided they are set up in the "development areas" or that they result in decreased imports into the United Kingdom. But the Chamber points out that, production of non-war goods having been greatly curtailed since 1939, "British manufacturers whose commercial activities have been suspended or restricted by war controls naturally expect that they will be given time to re-establish themselves before new competitors are allowed in the field . . ." As to whether the capital invested by Americans will be frozen, the Chamber reports that bonafide profits are at present allowed to be remitted, but that "repatriation of American capital following the sale of property in Britain probably will require the consent of H. M. Treasury until such time as the acute shortage of exchange has been eased."

Postwar Dollar Diplomacy

Time was when American foreign policy was guided by the commercial and investment interests of American citizens. Now it is to be the other way around. Dollars of American citizens are to be lent where they are expected to do the most diplomatic good. This is the unconcealed reason for the movement to expand the Export-Import Bank's lending power by $2.8 billions now, and more later, perhaps. It is a principal motive of the Bretton Woods program. In these pages last week we quoted a State Department view of the Export-Import Bank as an American diplomatic tool. Dr. Herbert Feis, former State Department economist, in the current issue of "Foreign Affairs" writes in similar vein regarding American foreign loans. Here, then, we have dollar diplomacy in an entirely new form, but unabashed. The dollars are expected to buy peace and good will. Will the outside world react as intended, or will it "fear the Greeks and, or especially, those bearing gifts"?

Boren to Press for Action on Bill After SEC Conference

(Continued from page 2847)

Sanders Shanks, Jr., President of the Municipal Bond Club of New York.

Concerning the forthcoming conference, Congressman Boren told the "Chronicle" that "the conference does not necessarily determine the fate of my bill. They have set a meeting between the Securities and Exchange Commission and the industry. I am perfectly willing to await any constructive suggestions given by the conference before pressing for action of my bill, HR 693."

"However, it is not only the security dealer and the SEC who are affected, but every State and municipality that is concerned with this problem; and the principle of the bill is fundamental to State sovereignty and to municipal independence from Federal control of local finance.

"The issue must be determined," he continued. "The principle is clear. The help we might expect from such a conference will be in the technicalities of wording the bill so that it will settle the question without affecting the just powers of the SEC over fraudulent transactions."

On May 24 the President of the Investment Bankers Association, John Clifford Folger, wrote to Chairman Ganson Purcell of the SEC in answer to a letter which Mr. Purcell had written him on May 7 concerning the proposed Philadelphia conference. Mr. Folger in his letter asked Mr. Purcell for an advanced description of the subject of the Philadelphia conference. Mr. Folger pointed out that he had already testified on the Boren bill, and that the Commission has full power over fraudulent transactions. In addition, Mr. Folger suggested that other organizations concerned might be invited.

In a letter to Congressman Charles A. Wolverton, Mr. Purcell on June 20 stated that he expected the Investment Bankers Association and the National Security Traders Association to be represented at the July 10 conference, and also that he had extended invitations to "several other persons" to attend.

As soon as practicable after the Philadelphia conference Mr. Boren will press for further committee consideration of his bill.

RFC Bill to White House

Legislation extending for a year beyond July 1 the Reconstruction Finance Corporation's authority to pay subsidies on principal food products and strategic materials has been passed by Congress and sent to the President, according to Associated Press advices from Washington June 14.

The bill fixes these limitations on subsidy payments within the United States: Meat $595 million, butter $100 million, flour $190 million, petroleum and petroleum products $290 million, strategic metals $88 million, and other materials and commodities $100 million.

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"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The Government bond market, awaiting the end of the Seventh War Loan, gave ground on somewhat increased activity. . . . Nevertheless, there was a fair demand for the restricted issues, such as the 2½s due 1962/67, the 2½s due 1963/68, and the 2½s due 1964/69, the bonds that will be among the first eligible for purchase by the commercial banks. . . .

The unrestricted 2½s due 1967/72 which has been the market leader gave us some of its recent advance. . . . It was reported that profit taking, lightening of positions by dealers, together with switching by individuals and institutions was responsible for the price decline in this issue. . . .

It is indicated that individuals and institutions took advantage of the high price for this obligation to obtain funds for reinvesment in the outstanding restricted issues, as well as the drive 2¼s and 2½s. . . .

The 2½s due 1956/58 were in demand and held most of their gain, after making a new all-time high. . . . The 2½s due 1952/54 were steady, with the 2¼s due 1952/55 liked not far from their tops of the year. . . .

PROFIT TAKING

The 2s, after several issues had made new all-time highs, receded from their best levels, due to profit taking and selling by dealers, who are reducing positions to make way for the issues that will be taken on at the end of the drive. . . . The 2s of 1949/51 and the 2s of 3/15/50/52 were well bought and retained the major part of their gains. . . .

While the foregoing describes the situation that prevailed in the market throughout most of the past week, the picture changed sharply on Wednesday, when the entire list advanced substantially on a broad demand. . . . The 2½s of 1967/72, for example, registered noteworthy price gains. . . .

PRICE PROSPECTS

The consensus of opinion is that the 1¾s due 12/15/50 will show a premium of about one point above the issue price of 100, when they become available in the open market next Monday. . . . At a price of 101 the new 1½s would give a yield to maturity of 1.31%. . . . The 2¼s due 1959/62 are expected to sell between 100⅝ and 100¾ with the 2½s due 6/15/67/72 between 100¾ and 101, when these issues are traded in the open market at the end of the drive. . . .

INSURANCE CO. SALES LIKELY

There are indications that the insurance companies may sell some of the outstanding issues, following the close of the drive. . . . It is the opinion of some market experts that these institutions are more likely to sell the 2s than the 2½s, although the large premium available in the latter obligations may bring some of these bonds into the market. . . . Selling of oustanding issues by the savings banks, after the drive is not expected to substantial since there institutions have already made some "normal portfolio adjusments." . . .

It is reported that the Treasury is closely scrutinizing all subscriptions, particularly, the "deferred purchases" to keep them within reasonable limits. . . .

One of the large "dealer-banks," in their recent analysis of the Government bond market, presented the following ideas and opinion:

FULLY TAXABLE U. S. TREASURY OBLIGATIONS

"Our yield curve of June 15 is based on a yield of 1.60% at eight years from call date. . . . It indicates that the 2¼s of 6/15/55/52 and 2½s 3/15/54/52 are the most attractive issues, at present, in the intermediate group. . . . They are underpriced by about ¼ point and have the advantage of a higher coupon rate. . . . The medium-long 2½s of 3/15/58/56, although selling near their high, are also reasonably priced. . . . Under the present pattern of yields they may be expected to maintain their present level or better for about a year. . . .

"However, the 2¼s of 9/15/59/56 are still the most attractive bonds to non-bank investors. . . . They will become eligible for commercial bank purchase on September 15, 1946, when they should be selling at about 104¾ on the basis of the present yield pattern. . . .

"It is still expected that the new 1½% bonds due 12/15/50 will command a premium of about one point when trading begins on July 2. . . . The yield curve indicates the following relationships of the 2% bonds callable in 1949 and 1950 to the new 1½% bonds, measured in yields:

6/15/51/49s: 7 basis points lower than the 1½s
9/15/51/49s: 4 basis points lower than the 1½s
12/15/51/49s: 2 basis points lower than the 1½s
3/15/52/50s: even
9/15/52/50s: 5 basis points higher than the 1½s

"These yield spreads may serve as a guide for a period of several months, but do not allow for any scarcity value of the 1½% bonds. . . . Actual price spreads at any given date depend upon the period of time to maturity and call dates. . . .

FURTHER DECLINE EXPECTED

"However, there are already indications that the decline in yields of bank-eligible medium and long-term bonds will be resumed after the close of the drive. . . . A yield of 1½% at 8 years from call date within a comparatively short space of time would mean new highs for these issues. . . . For example: 103¾ for 2s of 12/15/54/52, 103⅝ for 2s of 9/15/53/51, 103⅜ for 2s of 9/15/52/50, 105⅜ for 2¼s of 6/15/55/52 and 106⅞ for 2½s of 3/15/54/52. . . . The extension of such a yield curve into the longer term issues would indicate prices of 108¼ for the 2½s of 3/15/58/56, and as high as 107 for the bank-eligible 2½s of 9/15/72/67. . . . The effect of such a development upon the now restricted 2¼s of 9/15/59/56 would not be fully felt until we more closely approach their bank eligibility, at which time they would have to sell at about 105¾ to be in line with the 2½s of 1958/56. . . .

PARTIALLY TAX EXEMPT U. S. TREASURY OBLIGATIONS

"The plotting of these issues against our yield curve of June 15 clearly shows that they have not kept pace with the advancing market of the fully taxable bonds since our memorandum of March 15. . . . Although short-term issues are still overpriced in relation to the curve, the spreads which existed formerly have narrowed considerably. . . . Most intermediate bonds, previously over-priced, are now selling closely in line with the curve. . . . The long-term 2¾s and the 2⅞s of 1960-55, following some progress in closing up with the curve, are again under-priced to a substantial degree. . . .

WHY PARTIAL EXEMPTS LAG

"The reluctance of the partially tax-exempt issues to advance proportionately to the same extent as the fully taxable obligations may be ascribed, in part, to expectations of an earlier termination of the war. . . . This would imply a substantial reduction or complete cancellation of excess profits taxes within the foreseeable future. Long-term 2¾% bonds are now, however, underpriced to such an extent that, according to the survey, they represent an attractive invesment. . . .

"Their yields, after the corporate surtax, are higher than net yields of comparable fully taxable maturities and provide them with a margin against a possible future reduction in corporate normal and surtax rates."

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Volume 161 Number 4398 New York, N. Y., Thursday, June 28, 1945 Price 60 Cents a Copy

The Financial Situation

In a brief prepared statement presented to the House Post-War Military Committee, General George C. Marshall recently gave expression to his personal views concerning universal compulsory military service as a post-war peacetime policy. In view, first, of the influence any opinion of the General's is likely to have among the rank and file, and, second, of the typically circumscribed perspective revealed in this utterance of a professional soldier, we feel it desirable to inquire with particular care into what it is that the General is saying.

"A decision regarding the general military policy of this government (in the post-war years) is a matter of urgent necessity at this time.

"A large standing army is not an acceptable solution for three reasons: Its cost would be prohibitive, the necessary men to fill its ranks could not be hired in time of peace, and it would be repugnant to the American people. Therefore some other solution must be found.

"To support our determination to maintain the peace, the world must recognize our military power as realistic and not as a remote potential.

"Whatever military system we plan we must have a thorough understanding of the practicability of obtaining the annual appropriations necessary.

"I know of no system other than universal military training that will meet the requirements I have just outlined, together with an effective program for industrial mobilization and continuous scientific research."

Begging the Question

This highly respected and exceptionally capable professional soldier is probably rather naturally quite unaware

(Continud on page 2880)

Baruch Urges Destruction of Germany's War-Making Potential

Economic Advisor to Two Presidents Tells Senate Military Affairs Committee This Is Only Way for a Sure Peace. Urges an All Embracing Agreement With Russia on Major Peace Problems to Allay Soviet Fears, and Advocates Raising Human Standards All Over the World as "a Bulwark of Post-War Economic Policy."

Bernard M. Baruch

Appearing before the Senate Military Affairs Committee on June 22, holding hearings with the objective of "the elimination of Germany's economic potential for military aggression," Bernard M. Baruch, the "elder statesman" of two Presidents, strongly advocated the disintegration of Germany's "over-all industrial and technical power" as a means of "a sure peace."

"No more important question ever will come before you," Mr. Baruch said, "than this one—of how to prevent the revival of Germany's war-making might. It is the heart of the making of the peace; it is the heart of the keeping of the peace.

"What is done with Germany holds the key to whether Russia, Britain and the United States can continue to get along. It will affect profoundly the jobs and livelihoods of everyone, everywhere, for none of the economic problems of the peace can be solved except in the light of German reparations policy and the measures taken to demilitarize Germany's traditional war economy."

Mr. Baruch then listed 14 recommendations for "a sure peace," as follows:

Settle Germany's Future

1. *The earliest definite settlement of what is to be done with Germany.*

Break German Dominance

2. Economically, this settlement *must break once and for all Germany's dominance of Europe.* Her war-making potential must be eliminated; many of her plants and factories shifted East and West to friendly countries; all other heavy industry destroyed; the Junkers estates broken up; her exports and imports strictly controlled; German assets and business organiza-

(Continued on page 2883)

Truman to Seek Early Senate Approval of United Nations Charter

President, in Addressing Closing Session of San Francisco Conference, Expresses Confidence That Overwhelming Sentiment of the People and of the Senate Favors Immediate Ratification of Charter Designed to Perpetuate World Peace. Calls Upon United Nations to Remain United and Urges Removal of Artificial and Uneconomic Trade Barriers in Interest of Raising Living Standards of All Peoples.

President Truman

The United Nations Conference on International Organization, which had been in session for nine weeks at San Francisco, came to a close on June 26, following an address by President Harry S. Truman, in which he praised the Charter agreed on by the delegates of 50 nations as "a great instrument for peace and security and human progress in the world." The President, speaking at the final plenary session of the Conference, declared that he intended to transmit the Charter to the "United States Senate at once," and expressed confidence that the overwhelming sentiment of the people of the United States and of the members of the Senate was in favor of immediate ratification of the document. Mr. Truman voiced the hope that the governments of the participating countries at the Conference would also speedily endorse the Charter, signing of which by the various delegations constituted the final act of the parley. Pending approval of the Charter by the Big Five (the United States, Russia, Great Britain, France and China), and a majority of the other 45 of the United Nations, a United Nations Interim Commission will be established. The full text of President Truman's address, as reported by the United Press, is as follows:

Mr. Chairman and delegates to the United Nations Conference on International Organization:

I deeply regret that the press of circumstances when this Conference opened made it impossible for me to be here to greet you in person. I have asked for the privilege of coming today, to express on behalf of the people of the United States our thanks for what you have done here, and to wish you Godspeed on your journeys home.

Somewhere in this broad country every one of you can find some of our citizens who are sons and daughters, or descendants in some degree, of your own native land. All our people are glad and proud that this historic meeting and its accomplishments have taken place in our country. And that includes the millions of loyal and patriotic Americans who stem from the countries not represented at this Conference.

We are grateful to you for coming. We hope you have enjoyed your stay and that you will come again.

You assembled in San Francisco nine weeks ago with the high hope and confidence of peace-loving people the world over.

Their confidence in you has been fulfilled.

The Charter of the United Nations which you have just signed is a solid structure upon which we can build a better world. History will honor you for it. Between the victory in Europe and the final victory in Japan, in this

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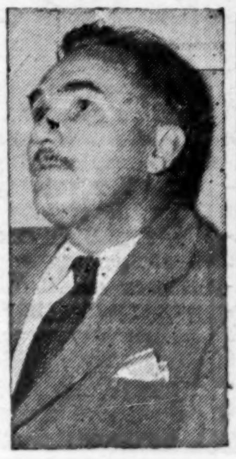
*These items appeared in our issue of June 25, on pages indicated.

From Washington Ahead of the News

By CARLISLE BARGERON

One of the cutest contrivances ever to be devised in any Nation's lawmaking machinery is that in the U. S. Senate known as the B2, H2 bloc. It is composed of four Senators, Burton and Ball, Republicans, Hatch and Hill, Democrats, who have hit upon their combination as a means of making themselves heard in a world of clamorous voices. According to the high-brow writers, they are bringing a scientific approach to legislative matters, something it is highly doubtful a war wearied people can take. At least, it hasn't been able to take their offering as yet.



Carlisle Bargeron

They started out a couple of years ago to get a peace organization with an international police force which would be set in motion upon order of the executive director of the international peace organization. At that time, there were supposed to be an influential set of backward-looking isolationists in this country who were bent upon wrecking the world's peace hopes, as they are supposed to have done after World War I, with objections to our giving away any of our sovereignty, which the empowering of an international organization to declare war would do. It was expected that there would be a knockdown and drag out fight on this issue, something that would politically tear our country to pieces. It was for this reason that such forward-looking world minded people as Sidney Hillman's CIO-PAC, in the '44 Presidential campaign, insisted that all isolationists should be run out of public life, even such able men as Senator John Danaher of Connecticut. Their opposition to the war had proved ineffectual, and you would think that the world-minders, with two wars thriving, would have been forgiving. But no, if these isolationists were permitted to live, they would be a stumbling block in the path of Mr. Roosevelt who was hell-bent to accomplish where Woodrow Wilson failed.

This school was pretty crowded with agitators and you would have thought there was no room for anybody else to establish prominence in it, particularly three amateurs as are Senators Ball, Burton and Hatch. But they nevertheless did it through the device of linking up and tying onto Senator Hill, who has a standing as assistant Democratic leader. Hill was astute enough

(Continued on page 2886)

Words—And Their Meaning

"We cannot for a moment surrender to what Winston Churchill called 'the craven fear of being great.' Power cannot for a moment be left idle like money in an old sock.

"It must be used constantly and wisely to fortify the friends of peace everywhere in the world, and thereby to fortify ourselves.

"The problem of the exercise of power over a defeated enemy is complicated in the extreme but it is relatively simple compared with the problem of blending the power of friends and allies.

"General Eisenhower developed a successful pattern for doing this in wartime. We shall have to learn how to do it in creating peace. The road will be hard. If we should ever become faint-hearted or cynical at any step along the way, then our power would become a curse instead of a blessing to mankind. . . .

"We shall use it as we have used it in two world wars—in the service of law and justice and human freedom—in other words, in the service of peace on earth, without which we cannot serve our own highest interests.

"We are about to enter into a compact with the other peace-loving nations to make sure that military power—ours and theirs—will be used and used only for that high purpose. Our military power exists. It will be a threat only to the violators of international peace and justice."—Joseph C. Grew, Under Secretary of State.

It does not appear to have occurred to Mr. Grew, and we fear it does not often enough occur to many others, that such terms as "law," "justice," and "human freedom" may mean quite different things to different people.

Yet such is an obvious and deeply significant fact!

Lower Earnings on Life Insurance Funds Due to Inv. in Govts. and Lower Open Market Rates

The net rate of interest earned last year on invested policyholder funds by the life insurance companies of the United States was 3.19% the Institute of Life Insurance reported on June 20. This compares with a rate of 3.29% in the previous year and represents a new low point. "Last year's decline in the rate," the Institute said, "was due primarily to the continued flow of life insurance funds into United States Government securities and to the low interest rates available on new issues and open-market securities generally." The Institute further says:

"Holdings of war bonds and other United States Government securities increased $3,680,000,000 in the year, bringing to almost $10,000,000,000 the aggregate gain in holdings of these securities since the start of the war. Government securities of all types—Federal, State and local—at the year-end accounted for about 45% of total life insurance assets compared with 40% the year before and not much more than 25% at the end of 1941.

"Refunding of railroad, public utility and industrial securities to take advantage of lower interest rates continued on a large scale during the year, the SEC reporting that about 80% of all corporate financing during the year was for the purpose of refunding outstanding issues. As a consequence, the interest return to the life insurance companies on their holdings of business securities which were substantially maintained during the year tended downward. Securities maturing or called for redemption prior to maturity could only be replaced at lower rates.

"Real estate mortgage holdings accounted for 16% of total assets last year, as compared with 20% in 1941. The interest return on this type of investment has been reasonably well maintained.

"Life insurance costs remained practically unchanged last year in spite of the decreased earning rate. This was largely because of the relative stability of mortality and because of other income from such sources as sale of real estate and securities at a level above acquisition cost. The earning rate has tended downward with only slight halts for more than twenty years, and this long-term decline has been largely responsible for the increases in policy costs over the past fifteen years. Average life insurance costs today are materially higher than at the low point in 1930, although even now they are not far from the 1920 level, improved health among policyholders and reduced operating expenses having offset some of the earning rate decline."

New Life Ins. Pension Trusts of Over $1/4 Billion

More than a quarter of a billion dollars of new life insurance pension trusts were set up last year for employee groups, the peak year for this type of retirement plan, according to a survey made by the Life Insurance Sales Research Bureau. The 1944 purchases of life insurance pension trusts were 20% greater than in the previous year, said the Institute, which added:

"This relatively new type of pension plan has been developed largely within the past ten years, especially during the past three war years. It has enabled many employers to set up for their employees plans for supplemental retirement funds, above the level of the Social Security benefits, giving a more satisfactory income aggregate on which to retire.

"The average life insurance unit in the pension trust plans set up in 1944 was $4,529, which compares with an average ordinary life insurance policy of $2,137 among the companies surveyed. Pension trust policies represented about 4% of all ordinary insurance purchased in the year."

Senators Disturbed by European Picture

Members of the Senate Military and Naval Affairs Committees, recently returned from a tour of Europe, expressed concern over prospects of stabilization on the Continent, some foreseeing another attempt on the part of Germany to rise and others finding a spreading of Communistic influence, the Associated Press reported from Washington, June 14. The party included Senators Revercomb (R., W. Va.), Gurney (R., S. D.), Stewart (D., Texas), McClellan (D., Ark.), Byrd (D., Va.), and Eastland (D., Miss.). All Europe "is sweeping toward Communism or State Socialism," Mr. Revercomb told newsmen. "We've destroyed a bad thing in Europe and perhaps are setting up something just as bad."

"We found out that the German people definitely know they are whipped, but we also know that if they had the troops, ammunition and food they would be at our throats again tomorrow."

The Associated Press likewise said:

Byrd confined himself to saying he had "a fine trip," indicating he might have a statement later.

Eastland joined McClellan in urging that American troops not be drawn back 150 miles in Germany to a line agreed upon with Russia.

The Mississippian said most of the food producing area of Germany is in the Russian zone and its products are being used by Russia. Asserting that the Soviet Union is getting the larger share of the occupied Reich, he said the Russians "may start to communize everything behind that line."

"The United States must stand firm," he said, declaring that withdrawal of American troops from the Continent would result in 'anarchy.'"

McClellan warned that Germany could begin within ten years to build a dangerous new war machine. He said American troops must be kept there until we are certain German war industry is not to be reconstructed, and until there is a satisfactory government.

"There is another important reason which cannot with propriety, however, be discussed at this time," McClellan said.

Market Transactions In Govts. in May

During the month of May, 1945, market transaction in direct and guaranteed securities of the Government for Treasury investment and other accounts resulted in net sales of $34,400,000, Secretary Morgenthau announced on June 15.

The following tabulation shows the Treasury's transactions in Government securities for the last two years:

1943—		
June	$145,768,000	sold
July	67,757,200	sold
August	15,800,000	sold
September	2,651,600	sold
October	No sales or	purchases
November	$5,000,000	sold
December	4,800,000	purchased
1944—		
January	$9,924,000	sold
February	105,100,000	sold
March	11,500,000	sold
April	16,511,300	sold
May	9,965,000	sold
June	20,500,000	purchased
July	18,484,000	sold
August	18,992,500	sold
September	28,100,000	sold
October	*	
November	5,900,000	sold
December	12,000,000	sold
1945—		
January	$67,475,000	sold
February	48,131,000	sold
March	2,940,000	sold
April	55,600,000	sold
May	34,400,000	sold

*Less than $50,000 sold.

The State of Trade

Much discussion has taken place in recent months as to the best way of coping with the post-war problems which will grow out of our eventual return to a full peace-time economy. By some we are told that if our country would enjoy a greater prosperity than ever before full employment must be the first requisite to its attainment. In other quarters the factor of greater production is stressed as the key to the problem. However, according to speakers at a recent meeting of the National Association of Manufacturers clinic on distribution, it was brought out that the biggest post-war industry problems will lie in sales and distribution where the customer again will be the one to be pleased and that a "tremendous selling job" will be needed if industry is to maintain jobs.

In a prediction of the disappearance of the sellers' market for the next two years, Everett R. Smith, director of research of Macfadden Publications, Inc., addressing the clinic, added that deferred demand for consumer peace-time goods "will not work automatically for you or for any other individual companies."

Touching upon a greater knowledge of markets, he said most companies can readily determine what percentage of its net sales goes into engineering, laboratory work and product design, but asked: "Do you know what percent of your net sales, if any, goes into market studies?"

All the fine plans developed by laboratories and engineering departments will prove futile, Mr. Smith warned, unless "you study markets just as carefully, just as thoroughly, and recognize that the customer will be boss."

Citing the growth in family incomes between January, 1940 and 1944, he pointed out that almost 6,000,000 families moved up from below the $1,000 annual income line to higher brackets, and that some 8,000,000 families topped the $2,000 level in the same period.

Recent surveys, according to Mr. Smith, showed that some 32% are planning to buy a mechanical refrigerator after the war; only a third of that number are contemplating replacements, while the remaining two-thirds have never had a mechanical refrigerator.

Lending support to Mr. Smith's point, Don G. Mitchell, Vice-President in charge of sales of the Sylvania Electric Products, Inc., urged clinic members to use 1945 as the year in which to rebuild and revitalize their sales force, "so that we will not be left at the post when the race for markets starts."

Steel Industry—"A continued sag in the steel ingot rate, a slight increase in the volume of rated steel orders, conflicting reports from Washington as to the availability of civilian steel in the third quarter, and an apparent epidemic of outlaw steel strikes combined this past week to complicate the steel market picture," states "The Iron Age" in its current survey of the steel trade.

The national steel ingot rate the past week was estimated at 90% of capacity, up slightly from last week's figure. The low level apparent last week was due in part to heat and steel strikes in some areas.

Whether or not the several strikes which have occurred in recent weeks indicate a restlessness among the rank and file workers which may increase in intensity remains to be seen. The increase in the number of steel strikes is attributed by some as the result of the end of the European war and concern over the probable decline in the take-home pay, the magazine states.

In months to come the national steel ingot rate is expected to be more erratic than at any time since the war began. The loss in steel production in the past few years, due to warm weather, was not as great as in normal periods, but the experience this year may revert to the average normal loss, which sometimes ranges from four to six points, the trade paper points out.

The absolute necessity for long postponed repairs to steel mill equipment will be another factor which will tend to lower the steel rate. Some repairs and rehabilitation must be undertaken immediately, and strikes have hastened these decisions because once the units are down repairs are begun where needed.

The past week saw some recovery in the volume of rated orders over the low level of the previous weeks, and this recovery has placed mill order books in a stronger position. Thus, current hopes for sizable civilian steel supplies in the third quarter are somewhat dimmed.

Reports from Washington that close to 300,000 tons of sheets and strip would be available for civilian use in the third quarter are not borne out by district market reports. Steel observers claim that sheet carryovers are still heavy and that demand for rated sheet tonnage remains heavy. Then, too, the slowness with which war program cancellations reach mill levels is another reason why substantial steel tonnage for civilian use in the third quarter appears remote at this time, "The Iron Age" notes.

The steel industry was awaiting with some expectancy cutbacks which were scheduled for this week. Simultaneous meetings in three or four cities were expected to take a heavy toll in the production of war materials. With the third quarter almost at hand, and with steel cancellations still trickling in, most steel officials are of the opinion that while civilian steel may be more plentiful in the third quarter, the supply will probably not anywhere near satisfy minimum civilian demand much before the beginning of the fourth quarter.

Although available non-rated steel may not be shipped until after July 1, non-rated steel orders which are expected to furnish the cushion as military programs are cut back were on the upgrade this week. The upsurge in such business, quotes the magazine, covered all types of steel, especially sheets.

Scrap markets the past week were stronger in practically every area, and it was believed by most suppliers that inventories in many cases were a little bit too low for comfort.

The American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 91.5% of capacity for the week beginning June 25, compared with 88.8% one week ago. This week's operating rate represents an increase of 2.7% from last week's rate and is equivalent to 1,675,900 net tons of steel ingots and castings, compared to 1,626,500 net tons last week and 1,714,300 tons one year ago.

Railroad Freight Loading—Carloadings of revenue freight for the week ended June 16, 1945, totaled 872,674 cars, the Association of American Railroads announced. This was a decrease of 11,611 cars, or 1.3% below the preceding week this year and 4,819 cars, or 0.5% below the corresponding week of 1944. Compared with a similar period of 1943, an increase of 4,388 cars, or 0.5%, is shown.

Electric Production—The Edison Electric Institute reports that

(Continued on page 2887)

Tariff Extension Legislation Sent to White House

A signal victory for the Truman Administration was achieved on June 20 when the Senate passed by a vote of 54 to 21 legislation to extend for three more years the Reciprocal Trade Agreements Law after defeating all restrictive amendments, according to the Associated Press from Washington on that date. The measure as passed includes the power so desired by the Administration for the President to cut tariff rates by as much as 50%. Already authorized under the old law to cut import duties in half, the President will be empowered under the new legislation to reduce them another 50% below the rates prevailing on Jan. 1, 1945.

The President himself had said that renewal and strengthening of the Trade Agreements Act was "of the first order of importance for the success of my administration." And, as the Associated Press pointed out, President Roosevelt too was a hearty endorser of the trade program initiated by Cordell Hull in 1934.

The House had approved the additional rate cutting power in passing the bill extending the reciprocal trade program for three more years.

The Administration had suffered a temporary setback in the Senate Finance Committee, where three Democrats jumped the party fence to line up with a solid Republican representation and delete the extra authority, 10 to 9.

In the House Democrats had made the legislation largely a partisan issue as they pushed the measure through without amendment.

Senate Democrats lacked an equivalent working margin of party superiority, however, and some Democrats were cool to the legislation.

Asked his view, Senator Johnson (D., Colo.), a Finance Committee member, had commented that he had opposed reciprocal trade agreements in the past, according to the Associated Press from Washington, on May 30, when hearings on the legislation opened in the Senate Finance Committee.

Senator Radcliffe (D., Md.), said he was for "the general theory of reciprocal trade agreements," but that another 50% cut in tariffs "might be pretty drastic."

Senator Taft of Ohio, chairman of the Republican steering committee, said he thought virtually all Republicans would oppose granting new tariff-cutting power. He added that there would not be much opposition, however, if the administration would be agreeable to only a year's extension of the present law.

Republican leaders indicated that they would pursue a strategy of trying to avoid letting the measure become a partisan issue.

They argued that in fact it was a local issue which each Senator must decide on the basis of how trade agreements might affect industry in his own state.

The Senate Finance Committee's first witness was Assistant Secretary of State Will S. Clayton, who told Senators, according to the Associated Press, that the Administration needed new tariff cutting power to promote world "economic liberalism and free enterprise." He said, "Nations which act as enemies in the market place cannot long be friends at the council table."

Senator Joseph C. O'Mahoney (D.-Wyo.), although not a Finance Committee member, joined the group, according to the "Journal of Commerce," and asked Mr. Clayton if he believed the State Department should ask Congress for authority to make trade agreements without Congressional review. The Assistant Secretary of State based his affirmative reply on the ground that it "relieved Congress of political pressures."

Mr. Clayton's testimony developed the fact that the Government is planning on additional foreign loans beyond those now projected through the International Reconstruction Bank, worked out at Bretton Woods, and the Export-Import Bank under enlarged powers which will be sought.

Making the point that foreign purchasers of United States goods must be able to pay for them with goods as the trade agreements program contemplates, but that restoration of foreign productive facilities will have first to be achieved, Mr. Clayton testified that credits will have to bridge the gap. Noting plans to extend credit facilities through the Bretton Woods bank and the enlarged Export-Import Bank, Mr. Clayton added that credits will have to be extended as well "through other sources, private and governmental."

Mr. Clayton was questioned as to Russian plans for launching an immediate program for expanding annual steel production from 10,000,000 to 60,000,000 tons. Senator David I. Walsh (Dem., Mass.), who raised the question, cited a "high authoritative Government official" as his source and mentioned that the figure equals total American production when the war began.

Mr. Clayton disclaimed knowledge of the program, although Senator O'Mahoney said it had also come to his attention.

"At the very time when Russia is expanding her steel production," Senator O'Mahoney said, "our production, which we expanded to help Russia with tanks and guns and munitions, is falling off. And the State Department is asking for authority to negotiate agreements and reduce tariffs 50% below present levels without knowing what other competing countries are planning."

Mr. Clayton took the position that most foreign countries would be engaged in reconstruction and restocking problems for some years to come and would not possess surpluses out of which to export to the United States or any other country. Both Germany and Japan, powerful competitors in the pre-war period, will undoubtedly be "industrially impotent for many years following the end of this war," he said.

When Mr. Clayton replied that Russia would probably not be able to expand her capacity for "many years to come," Senator Bailey interpolated: "That's the way they talked about her fighting capacity. But she certainly built that up fast enough."

Several other witnesses besides Mr. Clayton were heard.

Russell B. Brown, general counsel for the Independent Petroleum Association of America, said the trade agreement program has encouraged the large exporter and "injured" the small independent.

Brown asserted that monopoly "is being embedded in the oil industry as a natural consequence of the State Department's policy."

John G. Lerch, counsel for toy manufacturers, questioned the constitutionality of Congress delegating tariff rate making to the executive branch of the Government. He asked that a provision be inserted guaranteeing an industry the right of appeal to the Supreme Court on this question.

E. L. Tobert, representing the Onondaga Pottery Co., Syracuse, N. H., asked special consideration for handicraft industries. Saying the wage rate in the American pottery industry is three and one-half times that in England and many times that of other countries, he asked "a fair opportunity to build a fine china industry in this country."

Carl H. Mote of Indianapolis, head of the National Farmers Guild, opposed importation of any agricultural products which can be produced in this country. He said he saw no reason why the United States should "import Argentine beef so that we can sell them automobiles."

"I'm opposed to foreign trade in principle so long as we can get along without it," he added.

On June 2, according to an Associated Press report from Washington, on that date, Senator George expressed hopefulness of Senate approval of the legislation.

He acknowledged, however, that the committee might knock out the controversial provision which would enable the President to cut individual import duties an additional 50%.

The 50% proviso won House approval, after a heated fight, by a vote of 212 to 181. In view of that vote, Senator George expressed the belief in an interview that the House would not agree to elimination of the provision if voted by the Senate.

Senator George told reporters: "I do not think there is the slightest possibility the legislation can do any possible harm to American producers and manufacturers, and there is a chance of it doing considerable good."

The Senate Committee finally approved the three-year extension of the Trade Agreements Act, but rejected any tariff-cutting authority for the President beyond that first enacted in 1934, which permitted cuts up to 50% in the rates of the Hawley-Smoot Act of 1930, and in that form debate on the measure started on the floor of the Senate, the Associated Press advised from Washington on June 12. Senator Walter F. George (D., Ga.), Chairman of the Senate Finance Committee, immediately opened the fight to restore the additional tariff-cutting Presidential authority.

When the measure to extend the tariff bill came to a vote on June 19, according to the Associated Press on that date, the Senate rejected its committee's amendment to strike from the bill power for the President to reduce tariffs 50% under levels of Jan. 1, 1945. Nine Republicans joined with 37 Democrats and Senator La Follette (Prog., Wis.) to aggregate a 47 to 33 margin in favor of giving the President the desired authority.

Voting in opposition were eight Democrats and 25 Republicans. Six pairs were announced, thus putting on record 92 of the Senate's 96 members.

Not recorded were Senators Connally (Dem., Texas) and Vandenberg (Rep., Mich.), attending the San Francisco United Nations Conference, and Senator Hart (Rep., Conn.), suddenly called home by the death of his son, and Senator Scrugham (Dem., Nev.) who is ill.

Debate continued on the measure on June 20, in order to dispose of several other amendments, and ended with the legislation being passed and sent to the White House as the Administration had asked for it.

(House passage of the measure was reported in the June 7 issue of the "Chronicle," page 2535.)

Russia's "powerful influence," George said, will make for a collectivist economy in international trading "unless we have something to offer when we sit down to bargain" with other nations.

His appraisal of the prospect brought a question from Senator Langer (R., N. D.) as to why the United States should lend Russia money if the Soviets have a different system of enterprise.

George replied that he did not know that loans had been made to Russia. He went on to say that if loans were made, it was his own opinion that the initial fund should not be more than $1,000,000,000, and that it should be administered by an American agency in a way to safeguard the American economy.

"I think this country would make a great mistake to set up loans of $6,000,000,000 or $8,000,000,000 to any country," he said.

Majority Leader Barkley (Ky.) put in that there had been no Government loan to Russia, although some private advances may have been made. He said he did not know what Russia might ask.

George asserted that Britain was the only major nation, other than the United States, which might stand against collectivism and declared there is "unmistakable evidence" that Britain is being moved in that direction.

He quoted Prime Minister Churchill as saying Britain will not give up its right to "safeguard our balance of payment by whatever means are necessary."

That amounted, George said, to a declaration that "State control of commerce will be the rule of the future if it is necessary" to preserve the balance of payment to the British Empire.

Senator O'Mahoney (D., Wyo.), who had proposed an amendment to require Congressional ratification before any trade agreements become effective, asked how George would protect American industry.

"I believe the President of the United States will look at these agreements and not approve them if there is a deleterious effect on American industry," George replied.

O'Mahoney came back with the assertion that it was not a question of anybody's goodwill but of Congress surrendering a power reserved to it in the Constitution—the power to fix tariffs.

"The great issue of our time is not trade but totalitarianism," O'Mahoney continued. "If there was ever a time when the elected spokesmen of the people should not surrender their power this is the time."

Barkley, in opposition to O'Mahoney's amendment, said it took 30 months to enact the Hawley-Smoot bill and that submission of the trade agreement to Congress would promote log-rolling.

On June 13, Senator Smith (R., N. J.), reversed his previous position and, according to the Associated Press, announced his support for the legislation giving the President additional tariff-cutting powers.

He said in a Senate speech that as late as May 17 he had opposed the additional rate reducing authority called for in a House-approved bill extending the Reciprocal Trade Agreements law another three years.

In urging restoration of the clause which the Senate Finance Committee had deleted, Smith said that he had become "satisfied that full consideration will be given to the present situation of our American industries and to their adequate protection."

"What we are faced with in international affairs," he said, "is the immediate setting up by the other United Nations of their future trade policies, and I feel that the United States would be under a very distinct handicap if our executive and his aides, who are to represent us in negotiating trade agreements, should be deprived of the necessary weapons they will need to maintain our position.

"Unless the additional margin for cutting duty rates is available to our negotiators," he said, "they might not have sufficient concessions to offer to win the concessions we seek."

Senator Tobey (R., N. H.), angrily told the Senate that "five fat lobbyists" and one of his own party leaders were employing pressure to defeat reciprocal trade legislation. Tobey backed extension of the trade program, including authorization for 50% cuts in tariff rates.

Later Tobey told reporters that the Republican leader he referred to is "one of the leaders right here in the Senate."

"You know," he declared in an interview, "the Republican party doesn't seem to have learned a thing.

"The Republican party will never get back into power and it doesn't deserve to get back into power if it is forever against something. Once in a while we should favor something that's manifestly for the good of the country. This is no time for static minds."

He said the "lobbyists" represent industries which have objected to the reciprocal trade agreements.

Tobey forecast that there would be "at least six or seven Republican votes" for the trade program, nevertheless.

Senator Brien McMahon (D., Conn.), adding his urging for a restoration of the tariff-cutting power said that the clause was necessary to carry out the Administration's program of world co-operation, the United Press reported from Washington, June 14.

"If nations cannot co-operate in matters which directly affect the economic well-being of their people," he added, "then we are deceiving ourselves if we believe they can co-operate in an international security organization to maintain the peace."

Senator Owen Brewster, Republican, of Maine, opposed the present method of negotiating trade agreements because Congress is not given an opportunity to pass on them. He said a "bunch of stuffed stooges" in the State Department draft the agreements and that it is impossible for Senators to find out who they are.

Senator Claude Pepper, Democrat, of Florida, pointed out that they were responsible to the President.

Senator Brewster countered that the President simply indorses "what comes up from below."

"I don't believe," he added, "that the President really has time to pass on such items from my state as seed potatoes and blueberries."

Treasury to Enlarge Penal Division

Action to enlarge and decentralize the Penal Division of the Chief Counsel's Office of the Bureau of Internal Revenue, was announced on June 19 by Secretary of the Treasury Morgenthau, who stated that the purpose is to enable tax fraud cases to be reviewed more expeditiously before being submitted to the Department of Justice. The Treasury advices state:

"At present cases prepared in the field pass through offices of the Penal Division in Washington, D. C.

"Under the new plan the Penal Division will have ten field offices. Five of these offices will be established immediately, in New York City, Philadelphia, Chicago, Kansas City and San Francisco. Other cities in which Penal Division offices will be established will be announced later. Thereafter fraud cases prepared in the field will be reveiwed in the field with only general supervision in Washington.

"An additional Assistant Chief Counsel will be appointed to head the reorganized and decentralized Penal Division."

Secretary Morgenthau also stated:

"The purpose of this reorganization is to enable the Penal Division to handle more cases and handle them more expeditiously. With enlarged investigative forces we expect more cases. We want to give every case intelligent, thorough consideration, but we want no bottlenecks anywhere. The Penal Division will have more lawyers. They will be in the field, with the investigators who are preparing the cases. I am confident that the new system will eliminate lost motion and add to administrative efficiency."

The Financial Situation

(Continued from first page)

that he has begged the basic question at issue in this matter. That question is whether we should lay a post-war international or world course which would oblige us to maintain an actual military force which, when compared to anything this country has ever before maintained in peace-times, could not be described as less than enormous. "To support our determination to maintain the peace," the General apparently believes we must leave the world in no doubt, first, that we intend to strike down any power which breaks the peace, and second that we have the military power actually in existence to do so. This, of course, is the old, old idea of a Pax Romana or Pax Britannica in an extreme form, and the basic issue underlying all plans for military preparedness in the post-war years is precisely this: Shall we or shall we not enter into any such undertaking?

The General, possibly aware of the possibility that he would be promptly asked to be more specific concerning the size of our post-war military establishments, quickly admits in his formal statement that "until the settlement of the terms of the peace it will be impossible to determine the strength of the post-war military forces to be maintained on an active status. We shall not know until then just what our military obligations or requirements are to be." Yet, in the next breath, the General adds that "whatever the terms of peace, the fundamental basis of our defense must be universal military training." Obviously, he has fallen into a rather apparent non sequitur or else he means to imply, as the public is rather likely to assume he implies, that whatever the specific terms of the peace, we must undertake some sort of world supervision which would in any event require very large peacetime military strength and preparedness — or that the American people have already reached such a decision.

We Doubt It!

Now, for our part, we doubt very much whether the American people have come to any such conclusion, and we are very certain that they would be unwise to adopt any such policy. On this point, as of course would not be the case with purely military affairs, we feel quite as entitled to an opinion as the very able General with whom we are now differing. Moreover we must remind our readers that this broad question of national policy is one which they along with their neighbors must decide, and that in doing so the advice of military experts, far from being of special value, is of necessity somewhat suspect. The natural, or at any rate the usual, desire of the professional soldier is for a large military establishment.

We are opposed to such a post-war policy, first of all, because it comes down to something almost if not quite indistinguishable from the old "power politics" which the American people have so often and so justly condemned. Many who argue as General Marshall appears to think, seem to forget that we are not the only great power in the world, or fatuously suppose that all the other great powers share our idealism (if that is what it really is) about world affairs, and also are quite in accord with us as to the ways and means of giving practical effect to our ideals. Of course, nothing is further from the truth, as many events of recent weeks attest. Such being the case it is more than doubtful whether we could have our way at many points no matter how large and powerful a military establishment we maintain after the war.

An Expensive Program

In any event, if we are to undertake to inject ourselves into world politics in whatever part of the globe they may be active at any given moment, and undertake to make ourselves effective by a constant showing of military might, we shall find the procedure inordinately expensive. General Marshall appears well aware that a standing army adequate for such a purpose would be too expensive, by which we suppose he means would cost more than the American people would be willing to put into it. He would, accordingly, turn to compulsory military service. The fact of the matter is, however, that any savings in cost by this alternative would be far more apparent than real. The cost of training large numbers of youths, and of keeping them up to the minute in military matters—to say nothing of equipping them, and maintaining adequate reserves of equipment—would be enormous. There simply is no way of maintaining in readiness any such military force as General Marshall seems to have in mind except at ruinous cost—a truth which once was regarded as commonplace, but which seems to have been lost to sight in the past few years.

The Real Problem

In reply to General Marshall, we venture to suggest that the time has come when the American people would be well advised not so much to be studying ways and means of accomplishing grandiose post war peace-preserving schemes but to be giving prayerful attention to the extent of the world commitments they are to enter, the world obligations they are to assume, and the nature of the international policies they are to undertake. When they have given these matters the consideration they deserve—and have reached the conclusions we feel certain that they would reach upon sober reflection — it will be time enough to consider the sort of recommendations that General Marshall, the professional soldier, makes at this time.

Militarism whether practiced here or abroad is not the road to peace. Neither is a great weight of armament. We must not become victims of our professional soldiers.

Forrestal Urges Universal Military Training

The following is the text of the statement by Secretary of the Navy James Forrestal, on June 16, to the Congressional committee which held hearings to determine the advisability of legislation for compusory military training in peacetime:

Other witnesses who have appeared before this Committee in favor of universal and compulsory military training for all physically able youths after the completion of this war have presented closely reasoned and cogent arguments. I have been impressed particularly by the papers submitted to you by the Acting Secretary of State, Mr. Grew, and by the Secretary of War. They have dealt exhaustively and carefully with the subject and I think it would not be a profitable use of the committee's time to repeat what they have said. I am, therefore, going to confine myself to a few main propositions:

First, we have just completed, and successfully, the first half of one of the most bloody and most destructive wars in history, a war of such proportions as to endanger civilization itself. The terrible cost of war was driven home to the nations of Europe in terms of demolished cities, cities that once were the pride of civilization, of transport breakdown, of dislocation of vast segments of population. We have not had these disasters visited upon us, but we are receiving daily reminders of the bitter price of war in the lists of casualties, casualties which are of our best and finest blood, the human material that we can least afford to lose; No one in his senses will gainsay the statement that if there is any way possible of avoiding a repetition of what we have been through for the last four years that way should be found.

Second, I think all will agree that the United States must be ready to act swiftly to restrain the development of any aggressors of the type of Hitler, Mussolini and the Japanese. The world knows that this nation hates war—if fact, the nations who invoked force in 1931, in 1939, in 1940, and 1941 knew and counted upon our abhorrence of war. The world now must know with equal conviction that, much as we hate war, we are ready to wage swift and effective war against any nation which tries to overthrow rule by law and justice, replacing it with rule by force.

Proponents of military training frequently are asked whom we are preparing to fight. Quite simply, we are going to fight any international ruffian who attempts to impose his will on the world by force. We should make that determination clear—by deeds as well as words—to any frustrated paperhanger anywhere who may be dreaming of world dominion.

Third, the military leaders of this nation—namely, General Marshall, Admiral King, General Arnold, and their commanders in the field who have been charged with the terrible responsibility of securing victory for one nation—are agreed unanimously that this country must retain its military power, some of it in being and some in reserve quickly capable of effective use. One part of that preparation and readiness they consider to be a plan for universal military training of our physically able youth. They have submitted powerful arguments on its behalf to your committee. Can we in conscience discard such expert testimony and go back to the comfortable inertia and blind complacency which for 20 years practically extended an invitation to Mussolini, Hitler and the Japanese war lords to run the world if they chose to? I say quite respectfully to your committee and to the American people that if we do so act we scarcely deserve to survive as a nation.

Fourth, support for military training comes not from any military cult or a feudal system. It comes from men like Marshall, King, Arnold, Halsey, Nimitz, Eisenhower, Bradley, MacArthur—Americans to the very core of their being, all of them the product of the American way of life. They are not Junkers seeking to militarize a nation. They are not men who are warriors because they view war as a great international game. They hate it as much and possibly more deeply then you or I. They are deeply conscious, and I sometimes think more so than most of us, of what great blessings we enjoy in terms of fundamental liberties in the American system. They are steeped, all of them, in the history of that system; they are thoroughly aware that the people are the final source of power and that they must remain so. They are not—and, as they say in military communications, repeat *not*—thinking of the creation of either a military staff or a military machine that will dominate this country.

Fifth, it is obvious that until universal military training is tried all of the arguments pro and con on this very moot question will remain unresolved. I favor military training. Equally sincere witnesses have opposed it before this committee. The only way we can find out whether universal military training is desirable is to try it. There is, in my opinion, considerable public misconception of what is involved in the enactment of a statute providing for universal military training. Many are inclined to view it as an irrevocable step somewhat similar to prohibition. I think it should be pointed out that any law which provides for universal military training is susceptible of repeal at any time. It is not, as in the case of prohibition, a constitutional amendment requiring the long and tedious machinery of constitutional change to secure its revocation. A universal military service Act can be revoked by Act of Congress just as speedily as it is enacted.

Sixth, I have been four times on fairly extensive trips to the battle fronts in this war, and in those trips, as anyone normally would, I made it a point to talk as much as possible with the soldiers and sailors who are fighting this war in the ranks. I believe I am making no overstatement when I say that a poll of the fighting men in the service would be preponderantly in favor of universal military training. These men have seen war—war at its naked worst, war without glamor, war in the mud and slime, war under the tropic sun, and war in the arctic. They do not want it again and they do not want it for their children. But they are not willing for us either to disarm or surrender the means of protecting ourselves until we are sure that the rest of the world is ready for peace. I believe they believe as I do, that the means to make war should be in the possession of the nations who hate war.

Seventh, universal military training does not conflict with the plans that are now in process of development at San Francisco and that will be the subject of ftuure meetings of statesmen. Quite the contrary, I believe, as does Acting Secretary Grew, that America's readiness to accept her responsibilities in underwriting the peace of the world will be the surest guaranty of maintaining peace. If Hitler and Mussolini had known that this country was prepared to fight I do not believe either would have acted as he did.

We are a law-observing and law-respecting people, yet we need police, and the police still have to deal with murder and other crimes of violence. Are we to suppose that nations can over night become amenable to a social and moral sense which will remove the need for force any more than the individual nations can dispense with force within their own borders? International agreements, treaties, documents of world order, it seems to me, are empty and meaningless unless this country is ready to back them up.

Peace without the means to enforce it must remain a dream.

(Earlier Congressional hearings on peace-time draft were reported in the June 21 issue of the "Chronicle," page 2770.)

Commerce & Ind. Ass'n Urges Return to States Of Employment Service

In a letter to Senator Carter Glass, Chairman of the Senate Committee on Appropriations, the Commerce and Industry Association of New York on June 21 urged an amendment to the Federal Security Agency-Department of Labor Bill to provide that the Employment Service, loaned by the States to the Federal Government, be returned to the States immediately.

Thomas Jefferson Miley, Secretary of the Association, wrote: "With the passage of peak wartime production, the problem of recruitment has been transformed into one of trying to find jobs and making placements. Any wartime control over manpower and labor movement which is found to be necessary in individual areas, could continue to remain in the War Manpower Commission. We believe that the return to the States of the Employment Service would, in fact, strengthen the prosecution of the war effort.

"The wide variations in local conditions and the need for local control and local employer interest point to the great importance of the return of the administration of the employment offices to the individual States. The beneficiaries and the taxpayers should not needlessly be separated in time and distance from those who make the policies and who administer them once they are made.

"Because of the importance of coordinating employment offices and the offices administering the payment of employment benefits, the Employment Service now under Federal administration should be returned to state jurisdiction immediately."

Price Control Extension Bill Passed by House With Broad Amendments

The House voted on June 23, 356 to 12, to extend for one year the Price Control Act, and included in the extension an amendment giving the Secretary of Agriculture veto powers over virtually all food decisions, it was reported to the New York "Times" on that date, by special dispatch from Washington. The measure was sent to conference with the Senate for ironing out of the many differences existing between the two versions as passed by the two legislative bodies.

The amendment which Administration leaders fought hard but unsuccessfully to beat down was that of Representative Andresen (R., Minn.), giving authority and responsibility to the Secretary of Agriculture over every regulation concerning every agricultural commodity and food product, as well as power to cancel existing OPA ceilings and regulations, the "Times" correspondent, William S. White, reported. Opponents of the amendment, which was passed 211 to 155, argued that it might give the Secretary power to override even a directive of the President.

Another amendment which Administration supporters fought off successfully, by Representative Jenkins (R., Ohio), would have ended the power of the Office of Price Administration entirely by seeking to give the Secretary of Agriculture control over production, processing, distribution and price of food, and leaving to the OPA only the routine mechanism of rationing. This amendment was in line with the recommendations of former President Hoover who had suggested them in a letter to Mr. Jenkins.

"The Secretary of Agriculture," Hoover said, according to the Associated Press from Washington, June 21, "should be not only food administrator, as the President has already announced, but in my view the Secretary of Agriculture should also have physically transferred to him all of the price and other powers and staff of OPA which are concerned in any way with animals and animal products, including feed, except the mechanical job of rationing. That the OPA should continue."

This amendment was defeated by a mere 20 votes.

Another amendment adopted on a roll-call vote, 200 to 164, which 'Times" correspondent White describes as hardly less damaging than the Andresen amendment to the Administration's plan of price control was one offered by Representative Dirksen (R., Ill.), to grant to any complainant against an OPA ceiling or order the privilege of going into court to seek an injunction.

Two other major amendments were adopted, according to the "Times" report, neither being strongly opposed by the Administration. One, by Representative Patman (D., Texas), was intended as a compromise to offset hostility to the OPA. It would relax Federal inspection restrictions upon meat plants to permit the movement in interstate commerce of meat produced in plants declared by the Secretary of Agriculture to be "sanitary," whether or not they were under Federal inspection.

This change, supported by Representative Clinton P. Anderson (D., N. M.), soon to become Secretary of Agriculture, as one intended to make the distribution system more flexible and help immediately the metropolitan and industrial centers, was passed by 372 to 3.

Another amendment, by Representative Bates (R., Mass.), substantially the same as one already passed by the Senate and directing the Administration to seek to guarantee to the producers as a group a "reasonable" profit on the products of cattle, sheep and hogs, separately considered, was approved 249 to 128.

The measure which had been passed by the Senate contained only one change which was a source of concern to the Administration. This was an amendment by Senator Wherry designed to guarantee farmers and stockmen a "cost-plus" price formula. There was no such provision in the House bill. Thus there is every likelihood of stiff bargaining tactics between the two Houses before legislation is finally completed.

Marriner S. Eccles Warns of Inflation

On June 15, Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, addressing the House Banking and Currency Committee, had urged the importance "of passing this legislation without the Wherry or other crippling amendments," and added, "It would be better never to pass the legislation than to deceive the public by passing it in a form that would prove unworkable and thus ineffective." Following are excerpts from Mr. Eccles' statement:

"It would make just as much sense to scrap or cripple the Price Control Act at this stage of the fight against inflation on the home front as it would to lay down our arms now that final victory is in sight on the battle front. The safety and security of this nation depend upon winning on both fronts. To lose the battle her at home would be a betrayal of all of our armed forces and countless millions of loyal Americans who have faithfully supported the price control measures, vexations and irritating as this necessary wartime regimentation of our economy inevitably is.

"Chester Bowles, his staff and army in the field, composed mainly of volunteers, are often criticized, unsung heroes of this war. The problems they have faced have been as formidable as any that have ever confronted us. They have made mistakes, as who has not in these years of crisis? Seeing only the imperfections, we sometimes lose sight of the magnificent achievement. Subjecting 140 million people to price and rent controls and rationing, all of which are interferences with our daily lives and cherished freedom of action, is one of the most difficult tasks imaginable in a democracy. I am in close contact with officials who have responsibility for the economic stabilization program, and I know that without exception they will welcome the day when the danger on the home front has passed and these protective controls can be laid aside, together with the destructive instruments of war. No one would have believed in 1942 that we could have created in these war years the inflationary high explosives that have accumulated and yet protect the home front as well as has been done.

"As time passes and the line is held successfully, if not perfectly, we tend to lose perspective and to forget that the national debt has already risen from less than 50 billions in 1940—a figure that many though perilous then—to approximately 250 billion at present, and is still mounting. This huge debt has its reflection in a corresponding accumulation of spendable dollars in the hands of the public while the supply of civilian goods and services has continued to shrink. . . .

'Inflationary dangers grow greater, not less, as the war continues, and as long as we continue to deal with effects rather than with basic causes. Price and wage controls, rationing and other measures necessary to hold the line deal, of course, with effects, not with causes. To get at the causes we should have imposed far greater taxes or greatly economized in war and other expenditures, thus leaving more goods and services available for civilian use with less excess money in the hands of the public. As this has not been done, we must continue to maintain the controls essential to hold back the enormous and increasing inflationary pressures."

(The "Chronicle" reported other witnesses' testimony on June 21, page 2767.)

Urges Early Lifting of Wartime Controls

Reymond Rubicam, representing the Committee for Economic Development, a nation-wide organization of business men, told the House Committee on Post-war Planning that his group recommends earliest possible lifting of wartime economy controls, but not until "it can be done without jeopardy to any phase of war production," and recommended that taxes be sharply reduced "as a stimulus to purchasing power and to business expansion" as soon as danger of inflation has been averted, the Associated Press reported from Washington, June 20.

Mr. Rubicam's specific proposals for ending wartime controls, the Associated Press stated to be as follows:

1. From the present until six months after final victory, controls should be removed by administrative action only, wherever the need for them no longer exists. During fighting each such suspension must be justified by cut-backs or surpluses which make facilities, materials and man power adequately available over full military needs.

2. As controls are interdependent, their administration suspension must be effectively co-ordinated. Piecemeal action by separate agencies subject to conflicting pressures would not produce an orderly demobilization. Adequate powers have been given to the director of mobilization and reconversion to control such suspensions.

3. Within six months after final victory, the director of mobilization and reconversion should review all controls and should, not later than six months after victory, remove all remaining controls not clearly necessary beyond that date.

4. Legislative authority should be continued or extended beyond that date only for such wartime controls as may be plainly needed to hold inflation in check during the remainder of the transition period. The legislative authority should not, however, be exercised except as determined by the director of mobilization and reconversion.

Rubicam admonished against "ending controls too early" and also a "type of extremist" who will want to "cling to controls."

High Court Declines to Review Decision in Miners' Pay Case

On June 19 the United States Supreme Court refused to reconsider its recent ruling that bituminous coal miners are entitled to portal-to-portal pay. The Associated Press reporting this from Washington said: "The Jewell Ridge Coal Co., loser in the decision, had questioned the qualifications of Justice Black to sit in the case. The company said he was formerly associated with Grampton Harris, lawyer, who argued for the United Mine Workers. It also cited Black's labor legislation record in the Senate".

Huge Army Budget for Defeating Japs Sent to House by Appropriations Comm.

The House Appropriations Committee completed hearings on and sent to the House floor a $38,500,285,951 War Department supply bill, which has an Army promise to speed victory over Japan by "an overwhelming application of force," the Associated Press reported from Washington, June 22. Highest Army officials told the committee during three weeks of testimony that the coming devastation of Japan would be far more terrible than anything which had befallen Nazi Germany. From the Associated Press we quote:

The testimony of Generals of the Army George C. Marshall, Chief of Staff, and H. H. Arnold, head of the Air Forces, disclosed plans to use 1,000 B-29s daily in the Pacific war and to drop 2,700,000 tons of bombs in the Far East in the fiscal year starting on July 1. That figure compares, Marshall said, with 1,555,000 tons rained upon Europe from 1942 to 1945.

In contrast to previous war years, the generals left much of their closed-door testimony in the printed record.

The funds voted by the committee represented a cut of $586,810,000 from budget estimates and a reduction of $9,692,492,313 from money made available to the Army during the current fiscal year. Of the total, $21,376,283,400 represents new appropriations, $8,885,501,051 is made available from previous appropriations, and $8,238,501,500 represents recoveries because of cancellations or reductions of obligations approved for prior years.

The Committee, cautioning that "the battle of the Pacific is still in its initial stages," with many mileposts yet to be passed on the road to Tokyo, cited this testimony from Marshall:

"It would be a costly mistake, a hideous injustice to our men in the Pacific, to relax now in optimistic estimates of the situation. The final victory on the battlefields will be ours, but it must not be delayed by optimistic errors of judgment or impatient demands for a return at home to the conditions of peace."

"There is little of military secrecy as to the general nature of our plans for the coming year," the five-star general declared. "The offensives in the Pacific are to be intensified to the maximum degree possible. Air strikes of constantly increasing power will devastate the Japanese war-making facilities and defenses and pave the way for invasion.

"A swift redeployment against our remaining enemy in the Pacific is our most pressing problem. Economy in lives and material, as well as the psychology of the American people, demand that we mount a swift, powerful offensive, forcing a victory at the earliest possible date. We aim to use every man and every weapon practicable."

Reiterating his plans for an Army strength of 6,968,000 by June 30, 1946, Marshall said that future circumstances may permit additional demobilizations and a reduction in the size of the 500,000-man European occupation force. He cannot, he emphasized, "assume a final victory as of any given date."

"For example," he said, "we have the great imponderable at the moment as to whether or not Russia will enter the war with Japan." That, together with the possible accomplishments of Chinese forces, he added, "presents something for us to consider in our approach to final victory in the Pacific.

In original calculations on the strength of the Army, Marshall testified, "We were under very heavy attack for having too large an Army, if you will recall, by the newspapers and radio broadcasters of those days, and we trimmed our estimates far too deeply."

"We were short in replacements, and that had avery serious effect in delaying operations in Italy. It disturbed morale seriously. We suffered also from almost a continuous shortage of men from the selective service. The net result was that the divisions in combat were undermanned, low in fighting power."

An idea of the devastation Japan can expect from skies blackened with Super bombers was given by Arnold, who listed this destruction in Europe between D Day and V-E Day: 108,000 railroad cars, 86,000 motor vehicles, 17,000 buildings, 8,000 armored vehicles and tanks, and 8,000 horse-drawn vehicles.

"We can and will do the same against Japan," he said, adding that during the calendar year 1946 three times the bomb tonnage that rocked Germany in any one year will quake Japan. Maximum bombing capacity will be reached in March and April of next year, when the rate will be 166,000 tons monthly, he disclosed.

Gen. Thomas T. Handy, Deputy Chief of Staff, told the committee that Japan's Navy still must be reckoned with and her productive capacity still is "considerable," adding: "In relation to the size of the forces in combat, the cost of the Japanese war, in terms of man power, materiel and dollars, will probably exceed all precedent."

NY Cotton Exchange Appoints Secretariat

The Board of Managers of the New York Cotton Exchange on June 18 elected the Exchange Secretary and Assistant Secretary for the 1945-1946 term, according to an announcement by Fred P. Lordan, Assistant to the President, New York Cotton Exachnge. Tinney C. Figgatt, a member of the Board of Managers, was reelected Secretary. He has held that office since 1940 and has been a member of the Exchange since Sept. 3, 1915. John J. Scanlan, a member of the Secretary's staff since March 5, 1945, was elected Assistant Secretary. A newcomer to the Exchange, Mr. Scanlan formerly was affiliated with the City Bank Farmers Trust Co. for approximately 20 years. Before leaving the bank to enter the employ of the New York Cotton Exchange, he was in the investment division. In 1934 he was elected Vice-President of the City Bank Club, an employee organization of the National City Bank and City Bank Farmers Trust Co., and was elected to the presidency of that association in 1942.

Moscow Trial of 16 Poles Terminates

The trial in Moscow of the 16 Polish underground leaders accused of subversive activities behind the Russian Army's lines in Poland ended summarily with the conviction and sentencing of 12 of the men, acquittal of three, and postponement of the trial of one who was ill, the Associated Press reported from London, June 21.

General Okulicki, the Polish home army's commander, who received the heaviest sentence of ten years in prison, testified, according to the Associated Press on June 19, that the Supreme Polish Commander in London had told him that Russia intended to absorb Poland and had ordered him to take his army underground to help preserve Poland's independence.

Reconversion Aid Asked for Small Business—WPB Sums Up Steps Necessary to Aid

Steps which have been taken by the War Production Board to aid small business in the reconversion period were indicated to the Senate Small Business Committee on June 18 by J. A. Krug, Chairman of the WPB, who told the Committee that "a square deal, and a fair deal" for small business is the Board's aim "as the country adjusts to the needs of a one-front war and resumes large-scale civilian production."

In a report to the Board on June 18 the Smaller War Plants Corporation pointed out the need for Government aid to small business men, similar to the kind extended to farmers, to help them through the difficulties of reconversion, according to an Associated Press report from Washington, June 18, which added that Mr. Krug received the report just after he had appeared before the Senate committee in an effort to allay its expressed fear that WPB's reconversion policies would "seriously endanger smaller businesses throughout this country." The Associated Press added:

"Mr. Krug told the Senate's war investigating committee that preferences granted little firms in restoring peacetime production have helped to give small business 'the greatest chance for prosperity and success it has ever enjoyed.'

"He quickly got an argument from Senator Wherry (R., Neb.), who called Mr. Krug's statement 'only a promise.' Senator Wherry declared small business was uncertain of the future, afraid of Government controls, and in 'the most precarious position it has ever been in.'

"The Committee's major fear apparently was that small firms would be squeezed out of access to raw materials. The SWPC's report, issued by Chairman Maury Maverick, on the other hand, laid its greatest stress on the need for financial help.

"Given an opportunity to expand," Mr. Maverick reported to Mr. Krug, "small business can furnish the jobs which we will so desperately need."

"Mr. Maverick recommended: Financial help at reasonable interest rates, technical aid in streamlining small factories for civilian manufacturing, the distribution of usable Government-owned plants largely to small and medium business and a stronger anti-trust policy."

Under date of June 14 the Senate Small Business Committee Staff issued a report on "Small Business Prospects as a Result of Reconversion Programs" in which it said in part:

"Reports which have been received by the Senate Small Business Committee indicate a fear on the part of small producers throughout the country that 'open-ending' of CMP, which is scheduled for July 1, 1945, will place them in an unfavorable position as far as material supplies are concerned. They express a feeling that large producers will be able to purchase copper, steel and aluminum under more advantageous conditions than they themselves, and indicate that it is possible that big business may be able to exclude smaller manufacturers from basic metals and parts suppliers delivery schedules.

* * *

"The Committee Staff is convinced, as a result of its investigation that margins being allowed for civilian production in 'steel' supply for the third quarter of this year are inadequate and present a danger to small business. The same is true in the case of other materials, components and parts and the committee staff believes that action to correct this situation must be taken immediately.

"Suggested Action: While the Committee staff expects that these hearings which the Committee is now holding will develop additional information which will permit a full analysis of the current reconversion program as it relates to small business, the staff would like to present a set of proposals which may be used as a working basis. It must be kept in mind that these are only proposals of the staff and do not in any way represent the thinking of the Committee, which will undoubtedly develop its own program as a result of these sessions.

"1. All employment restrictions on producers of raw materials should be eliminated, including manpower ceilings, in order that all available labor be used to assure meeting the needs of civilian producers as well as of war industry during the reconversion period.

"2. Purchase orders should be reviewed at the mill level to assure that large factors in raw material markets are not indulging in pre-emptive buying. (This can only be effective if a WPB representative is placed at the point of each principal raw material and standardized component producer to review order boards to guard against pre-emptive buying.)

"3. Restrictions limiting warehouse stocks should be eliminated to permit these distributive organizations to carry as much inventory of raw materials, components and parts as is possible. In addition, the WPB should take positive steps to assure increasing stocks for raw material warehouses and standardized component distributors.

"4. Inventory controls should be enforced rigidly. WPB must provide a staff to make frequent spot checks of the inventories of the larger users of raw materials and components to make certain that inventory controls are observed.

"5. Priorities Regulation No. 27 should be amended to permit firms doing a quarterly business of not more than $100,000 to use the preference and allotment assistance it provides. The regulation should also permit small firms coming within its scope to use at least an AA-3 preference rating, and possibly a higher one.

"Furthermore, Priorities Regulation No. 27 should be amended to provide that allotments granted to small concerns are given equal treatment with all other non-military allotments.

"Furthermore, the definition of small firms in this regulation should also be stated in terms of employees. For example, it could be made to apply to all firms doing a quarterly business of less than $100,000 and/or employing 100 persons or less.

"6. WPB should be urged to issue its proposed Priorities Regulation No. 25-a as quickly as possible—and certainly before CMP is open-ended with respect to steel. This regulation should be implemented before final open-ending of CMP in order that small firms doing more than $100,000 worth of business per quarter can be in position to obtain some assistance for their operations if it is needed."

In his advices June 18 to the Senate Small Business Committee, Chairman Krug summed up as follows the steps WPB has taken to assist small business:

"1. Issuance of Priorities Regulation 27 to give blanket priorities assistance until December 31 to smaller manufacturers, which will give them preference in obtaining production materials over larger plants reconverting to general civilian production.

"2. Small-order exemptions in allocation controls, which allow small businesses to place orders for many scarce materials below certain maximum quantities without applying to WPB for authorization.

"3. Exemption of small plants from certain restrictions in the authorization of increased production. The most important of these is the exemption of plants employing 100 or fewer persons from the requirement of a manpower check in tight labor areas prior to authorization of expanded civilian production.

"4. Limitation of manufacturers' stocks to a practicable minimum working inventory to prevent hoarding and encourage a fair and even distribution of materials in short supply.

"5. Retention of two limitation orders controlling inventories of large wholesalers and retailers which do not apply to smaller distributors.

"6. Provision for manufacturers producing over $50,000 per quarter to obtain priorities assistance on bottleneck items.

"7. Maintenance of a careful watch over compliance with WPB orders, thus preventing a dislocation of supply for the honest majority of manufacturers by an unfair few. In addition, spot checks on big users of metal are now being started and will be intensified after July 1 (the date on which steel will be made available without CMP tickets).

"8. An investigation, already started, of concerns involved in large contract cancellations or cutbacks to see that orders for materials ordered on such contracts are properly and promptly cancelled.

"9. Maintenance of ceilings over the total volume of activities in nine major production industries and in construction, which will prevent these industries from draining all the supplies in the free market at the expense of other production.

"Under Priorities Regulation 27, Mr. Krug told the committee, manufacturers who produce less than $50,000 worth of their own products per quarter receive a preference rating of AA-4 and assistance in obtaining needed controlled materials (Z-3 allotment symbol). In this way the smaller manufacturer is given preference in getting on the order books of suppliers over larger plants reconverting to general unprogrammed civilian production.

"In contrast to the special assistance this regulation gives to smaller manufacturers after July 1, 1945, the great bulk of new civilian production will be unrated and will not have the advantage of any special allotments.

"Mr. Krug, in speaking of the business and labor affected by this order (PR-27), explained that according to the 1939 census of manufacturers and data collected in connection with the Production Requirements Plan, manufacturing establishments with annual sales of less than $200,000 accounted for approximately 82% of the total number of all manufacturing plants and that they produced about 13% of the total value of manufactured products. About 19% of the total number of wage earners employed in all manufacturing establishments are represented in the $50,000 per quarter figure."

The WPB's advices also said:

"The WPB Chairman also discussed the possible spread in these percentages if the order were extended to cover manufacturers with up to $100,000 production per quarter. They would then comprise 88% of the total number of manufacturers, 20% of the total value of production and represent 28% of the total of wage earners employed. In terms of steel, however, a doubling of the dollar limit would probably mean a seven-fold increase in the quantities of materials affected. For this reason, he said, WPB is strongly opposed to such an increase, since this inflation in ratings might nullify the benefits for the smaller plants that the regulaton was designed to assist.

"Mr. Krug pointed out that the two special exemptions—one covering small-order exemptions in allocation controls and the other the exemption of small plants from some restrictions in production authorization—were designed while the two-front war was still in progress, but are being continued. Both primarily benefit small business and contribute to administrative simplicity. They are designed to free small producers from burdensome paper work to the greatest possible extent.

"The WPB Chairman also emphasized that both exemptions are being liberalized and have been raised substantially for many of the materials still under general allocation."

Truman Tells Wounded Soldiers Veterans Will Run Country In Next Generation

That the veterans of this war are going to run "this country in the next generation" was the assertion made at Portland, Ore., on June 25 by President Truman, who added that "they fought to save it, now they fight to maintain it, and that is their duty." The President's remarks were addressed to patients of the veterans' hospital and followed a tour of the wards. He spoke from the steps of the hospital, with patients clustered about the grounds to hear him. The text of his address as reported by the Associated Press follows:

"It has been a privilege for me today to have had the opportunity to go through some of the wards in this institution. This strikes me as a real hospital—one of the sort that we all hope will be the usual thing in the country.

"I am very much interested, of course, in the welfare of the men who are fighting to save the country and the men who have fought to save the country.

"We are trying now to reorganize the Veterans' Administration along modern lines, and it is no reflection on the head of the Veterans' Bureau who is going out. But we want a man who fought in the war—who is a front-line soldier and who understands what the front-line soldiers think about. I think we have that man in General Bradley, one of the ablest commanders that we have in this war.

"I want to say to you that we are going to try to give the veterans the treatment to which they are entitled, but I want also to bring it home to the veterans that they are citizens of the United States just as I am. They are fighting for a principle. Now they want to come back here and put that principle into effect by being first-class citizens themselves, just as we did after the other war.

"In the next generation the veterans of this war are going to run this country. They fought to save it; now they want to fight to maintain it, and that is their duty.

"Those who are crippled, those who are wounded, those who are incapacitated in any other way must have the training that they are entitled to. Nothing is too good for them. Both the wounded veteran and the veteran on his feet have just as much to give to their country as they gave in war, and I know they are going to do just that.

"Thank you a lot for the privilege of being with you."

From Portland the President left at 11:49 a. m. (Pacific Coast Time) June 25 for the Security Conference at San Francisco.

New Check Routing Symbols Endorsed

The new system of check routing symbols which was introduced in May among the banks of the Federal Reserve and branch cities has received enthusiastic endorsement from the banks in those 36 cities, according to reports received by the Bank Management Commission of the American Bankers Association. The system is now being introduced to the 15,000 banks of the nation through a booklet entitled "Check Routing Symbol," mailed today by the Commission. William A. McDonnell, Chairman of the Commission, who is also Vice-President of the Mercantile-Commerce Bank and Trust Company, St. Louis, Mo., said the new system of check routing symbols was developed over a period of years by the Committee on Collections of the Federal Reserve System and a committee representing the Commission. The routing symbol is a series of digits which indicate the Federal Reserve district in which the drawee bank is located, the Federal Reserve Bank or branch serving the drawee bank, and availability after the check has been received by the Federal Reserve Bank or branch. It is printed below the bank's ABA transit number in the upper right corner of checks.

Welding Wire Down From Peak Output

Estimated production of steel welding wire declined to 932,400,000 pounds in 1944, a drop of 20% from the 1943 record output of 1,166,400,000 pounds, according to the American Iron and Steel Institute, which further announced:

The lower volume of shipbuilding last year mainly accounted for the drop in welding wire output. Despite the decline, however, the 1944 production is the second highest for this wire and is nearly four times 1940 output.

Over 13 pounds of welding wire were made last year for each ton of finished steel produced. This ratio is also the second highest, being exceeded only by the 1943 ratio of over 17 pounds of wire per ton of finished steel.

The output of steel welding wire increased rapidly before the war and rose even more rapidly during the war period. From 1932 to 1940 the output rose an average of 30,000,000 pounds per year. Since then, the average increase has been 173,000,000 pounds annually—six times the prewar rate of growth.

Truman Favors Control Of Gov't Corporations

President Truman has expressed his approval of legislation designed to place budgetary controls of Congress over Government corporations, the United Press reported from Washington, June 12, and continued:

Representative Carter Manasco, Democrat, of Alabama, Chairman of the House Committee on Executive Expenditures, made public a letter from Mr. Truman, who said he wanted "to eliminate any misunderstanding as to my attitude on the Byrd-Butler Bill," which would impose such controls.

"I heartily favor this proposal," the President said. "It is a long-delayed forward step applying the sound doctrine of an executive budget, as enacted in the Budget and Accounting Act of 1921, to the many important Government corporations which have since come upon the scene."

Baruch Urges Destruction of Germany's War-Making Potential

(Continued from first page)

tions all over the world rooted out.

Priorities for Peace

3. Through *priorities for peace to the peoples Germany tried to destroy*, to build up the strength of the United Nations in both Europe and overseas while reducing Germany's overall industrial and technical power. Only when such a new equilibrium is established will it be safe to readmit Germany to the family of nations.

Full Soviet Agreement

4. That this German settlement be used as a basis for *a comprehensive, all-embracing agreement with Russia* on the major peace problems. By tackling immediately and forthrightly the question uppermost in the Russian mind—security against Germany—I believe we can arrive at full understanding with the Soviets. If it is not possible, the sooner we know it the better.

All Agreements Public

5. This agreement with Russia—as well as agreements with other nations—to be *in writing and promptly made public in full detail*. This has been a People's War. Let it be a People's Peace.

General Staff for Peace

6. Tighten our peacemaking machinery here at home to give us the effect of a *General Staff for Peace*, charged with drawing up a master plan for the peacemaking so America can exercise the leadership which is her heritage.

Free Look-See in Europe

7. America's role in dealing with Russia should be one of *tolerance and fairness*. Cooperation is a two-way street. I would like to see this simple rule laid down: *what we permit the Russians to do, they permit us to do*. There should be *a free look-see for all the United Nations throughout Europe*.

More Recognition for Russia

8. The United States should use her offices to persuade those nations who still refuse to *recognize Soviet Russia* to do so.

Security Above Reparations

9. Reparations should be fixed at *the maximum within Germany's capacity to pay, consistent with security and not to undercut living standards by forcing exports*. Russia and other countries are entitled to labor reparations, particularly if they will include in their labor battalions the principal warmakers—the Nazis, the Gestapo, Junkers, the General Staff, geopolitikers, war industrialists, war financiers—leaving the ordinary peasants and workers.

Long Occupation Vital

10. We must ready ourselves for *a long occupation of Germany*—as long as it takes for her spiritual and economic rebirth.

Supreme European Council

11. *Create a Supreme European Reconstruction Council* to coordinate the many aspects of European reconstruction with the German settlement, reparations and other problems.

Positive Foreign Economic Policy

12. Develop *a positive American foreign economic policy* bringing tariffs, monetary agreements, foreign credits, cartels and all other economic matters into a coherent whole which will meet this one decisive test—how to preserve the American free enterprise system in a world drifting to cartelizations of various kinds—to Stateism—so we can provide jobs for all? Shall we settle the shooting war only to plunge into economic war?

Raise Living Standards

13. *Raising human standards all over the world must be a bulwark of post-war economic policy*. I would insert into all financial and economic arrangements we make *a denunciation clause* giving us the right to terminate any agreement which results in lowering of wages or lengthening of hours—an undercutting of human standards.

Determined Preparedness

14. Finally, we must *see the peace through with speedy ratification of the United Nations Organization* and with *a determined, enduring program of preparedness*, including *universal military training, adequate stockpiles of strategic war materials, unflagging intensive research*, and the many other things indicated by *a modernized mobilization plan* designed to convert our nation in quickest order to the conditions of any possible war in the future.

The logistics of war and the potentialities of yet unheard-of weapons for destruction are such that we must shorten the lag in any future war mobilization or risk defeat.

Regarding post-war relations with Russia, Mr. Baruch was emphatic in his advocacy of mutual frankness and understanding.

"Relations with the Russians," he pointed out, "may continue difficult for a time, not only in Europe but on other fronts. Again I point out, we should not be surprised that Soviet suspicions have survived our fighting together against the common enemy. When one reviews recent world history, one finds considerable cause for suspicion between Russia and the Western democracies—on both sides. After the Red revolt in 1917, the Czarist powers made three major attempts to reconquer Russia, efforts largely armed and supplied by the British and French. The deepest significance of the Munich pact was the exclusion of Russia. It is not that all of Russia's acts were justified, but it is important that we understand the Russian point of view.

"On the Russian side there must be equally sincere efforts to understand us. The Russians must appreciate that refusal of Soviet authorities to permit free access to the countries of Eastern Europe has a most adverse effect on American public opinion and will jeopardize any program for the reconstruction of these countries. Another cause of suspicion has been a tendency for the Russians to act unilaterally in many countries. Such actions irritate us less because of our interests in those countries than because we feel a moral responsibility to those peoples which we cannot shirk. On our part we must shift our peacemaking machinery into high gear and avoid delays which may prompt unilateral action.

"The pledged word kept is the best antidote to suspicion. Above everything else, there must be the most meticulous observance on our part of all our obligations with the Soviets, written or implied, while insisting firmly that they do the same. By doing our homework before going to conferences, agreements can be free of ambiguity.

"Before the war, business interests in this country acquired the greatest respect for the manner in which Russia kept all contracts and observed all credit arrangements. Our admiration has been increased by her incomparable military accomplishments during the war. It would be tragic for the Soviet at this point to permit doubts of their motives to mar this splendid record—tragic for both them and us—since it would react against all who want peace."

In concluding his statement Mr. Baruch stated that "in making my recommendations I have sought only to stimulate action so that we will exercise the leadership which is ours. I would not want to see that leadership which we have held for 150 years now lost to others or wasted through disuse.

"A vastly better world lies ahead if we use the intelligence and gifts of nature that have been bestowed upon us. We can't live alone. Be sure of that. Let us then encourage and help those who live with us to live our way—not to copy our way in detail, but to stand with us on the broad base of expanding human dignity and freedom."

Exchanges Group Tops Quotas Before Close of N. Y. Fund Appeal

Seven of the divisions in the Greater New York Fund's Exchanges Group went over the top before the close of the 1945 campaign's intensive period, it was announced by Harry M. Addinsell, chairman of the Executive Committee of the First Boston Corp., and head of the Fund's Finance Section, at the third city-wide report luncheon held June 8th at the Roosevelt hotel. They are: Curb Exchange, Produce Exchange, Stock Exchange, Investment Bankers, Investment Trusts, Investment Counsellors and Unlisted Brokers. The chairmen of these divisions were among the 69 who received distinguished service citations, presented at the luncheon by General Campaign Chairman, J. Stewart Baker, chairman of the board of the Bank of the Manhattan Company. Announcing the award-winners, Mr. Baker, summing up all the borough and section reports, announced total city-wide subscriptions of $4,038,297 received during the intensive period of the campaign. With the campaign's overall $4,500,000 minimum goal yet to be achieved, all the chairmen and their committees pledged continued efforts until every prospect in their respective fields has been given an opportunity to participate in the appeal.

Arthur A. Ballantine, President of the Fund, commended the Exchanges Group for its outstanding performance in the campaign and for its generous support of the Fund. He also extended his thanks to the business firms and their employee groups for the contributions towards assuring adequate care for New Yorkers in need, through the 40 local hospitals, health and welfare agencies participating in the Fund. These agencies must obtain $22,500,000 in voluntary contributions to provide their services this year. The Fund, directing its appeal exclusively to business concerns and employee groups, seeks a minimum of $4,500,000 as business's share.

Mr. Baker pointed out, at the third report luncheon, that, while that event marked the close of the intensive period of the Eighth Annual Campaign, the appeal will continue until December 31. He said that the $4,038,297 reported as of June 8 was 89.7% of the goal and was raised in five weeks of intensive campaigning, leaving only 11% to be obtained in the remaining seven months of 1945.

Russian Institute Formed at Columbia University

Others Planned

Through a grant of $250,000 from the Rockefeller Foundation, Columbia University has established a Russian Institute, first of a group of six regional institutes which will arise on Morningside Heights for the study of the life and thought of principal areas of the modern world, it is announced by Dr. Nicholas Murray Butler, President of the University. The British Commonwealth of Nations, East Asia, Latin America, France, and Germany will constitute the fields of interest of the five other institutes. These institutes, Dr. Butler pointed out, will develop a highly trained corps of American teachers and administrators with special knowledge and understanding of the political, economic and social problems of peoples who will shape the course of world events.

Formation of a School of International Affairs, under the Directorship of Prof. Schuyler C. Wallace, which will function in close association with the institutes, with the Parker School of Advanced Studies, and with other faculties of the University which provide specialized training in the international sphere, was also announced. Through the School of International Affairs, the large existing resources of the University in kindred fields will be expanded, and integrated with the new program, greatly increasing Columbia's usefulness as a center of international studies, Dr. Butler explained.

"I regard this whole undertaking," said Dr. Butler, "as one of outstanding importance not only in the history of Columbia University and its worldwide relationships, but in the history of higher education generally. It is constructive and forward-facing, and points the way to what will soon be recognized as a dominant worldwide interest in the field of government, economics and the intellectual life."

The Institutes will be staffed by groups of outstanding scholars who have specialized in one of the pure or applied sciences of human conduct with special reference to some specific geographical area. Some of these scholars will be drawn from the present staff of the University; many will be recruited from other institutions. Each institute will be supervised by a director who also will be a professor in an appropriate subject-matter division of the University. Prof. Geroid T. Robinson, at present chief of the Russian Division of the Office of Strategic Services in Washington, has been appointed director of the Russian Institute, which will formally open on July 1, 1946. The new school of International Affairs will begin work on the same date.

The announcement from Columbia states that a survey indicates that the British Commonwealth, French and German Institutes can be created from the ranks of the present teaching personnel of the University, but that material additions to the staff will be necessary before the Russian, Latin-American, and East Asian Institutes can begin operations. From the Rockefeller Foundation the University will receive $50,000 a year for five years to finance the beginning period of the Russian Institute.

The purpose of the Russian Institute, it is stated, is "to train American specialists on Russian affairs and to engage in research designed to promote a better understanding of the Soviet Union." It is added that "While the new School, drawing upon and supplementing or expanding existing University facilities, will train men of affairs during the first two years, the Parker School, founded at Columbia in 1931 under the will of the late Edwin B. Parker, internationally known jurist, will concentrate upon more advanced work in this field.

"All the courses organized in the school and in the regional institutes will be available to the Parker School for this purpose. The Parker School, under the directorship of Professor Huger Jervey, will have a staff of specialists of its own and will stand at the apex of the training program for those students who primarily desire active as contrasted with scholarly careers in the international field."

Big Three Meeting to Be Held in Berlin

Although President Truman announced on June 13 that the time and place for the forthcoming Big Three meeting had been arranged, he did not reveal when or where, and it was not until June 15, according to an Associated Press dispatch from London, that the place was disclosed when Clement R. Attlee, leader of the Labor Party, stated that the conference would be held in Berlin.

He made the disclosure in a letter accepting Prime Minister Churchill's invitation to attend the "prospective conference in Berlin."

To demonstrate that the forthcoming election represents a Conservative-Laborite split on domestic issues but does not involve any major foreign policy, Churchill announced previously that he had invited Attlee to attend the Big Three meeting with him. Churchill made this move apparently to insure that any decisions taken by President Truman, Premier Stalin and himself would hold in Britain whatever the result of the election.

However, Harold Laski, Chairman of the Labor Party, made it clear last night that Attlee's attendance would not necessarily bind the Party to any Big Three decisions. Laski declared in an interview that it was necessary that the Big Three be aware of this position—that Attlee would be present as an observer but that he "can hardly be responsible or accept responsibility for agreements which from British aspects will have been concluded by Churchill as Prime Minister."

An announcement from Prime Minister Churchill's official residence later confirmed that the meeting would be held in Berlin, the Associated Press reported, and a spokesman added that although a date had not been fixed for the meeting it is likely to be held between July 5, the first date of the forthcoming British election, and July 26, when the election results are to be announced.

Parcel Post To Philippines

Postmaster Albert Goldman announced on June 20 that information has been received from the Post Office Department at Washington that effective at once, fourth-class or parcel-post mail service to the Islands of Leyte, Luzon, Mindoro, and Samar in the Philippines, will be resumed, such service being limited to parcels of fourth-class matter not exceeding 11 pounds nor 18 inches in length or 42 inches in length and girth combined, and not more than one parcel per week may be sent by the same sender to the same addressee. The advices further state.

"The eighth zone rate of postage for fourth-class matter will be applicable. Parcels must comply with the export-license requirements of the Foreign Economic Administration. Until further notice, such fourth-class or parcel-post mail is not to be insured."

Truman to Seek Early Senate Approval of United Nations Charter

(Continued from first page)

most destructive of all wars, you have won a victory against war itself.

War Not Inevitable

It was the hope of such a Charter that helped sustain the courage of stricken peoples through the darkest days of the war. For it is a declaration of great faith by the nations of the earth—faith that war is not inevitable—faith that peace can be maintained.

If we had had this Charter a few years ago—and above all, the will to use it—millions now dead would would be alive. If we should falter in the future in our will to use it, millions now living will surely die.

It has already been said by many that this is only a first step to a lasting peace. That is true. The important thing is that all our thinking and all our actions be based on the realization that it is in fact only a first step. Let us all have it firmly in mind that we start today from a good beginning and, with our eye always on the final objective, let us march forward.

The Constitution of my own country came from a convention which—like this one—was made up of delegates with many different views. Like this Charter, our Constitution came from a free and sometimes bitter exchange of conflicting opinions. When it was adopted, no one regarded it as a perfect document. But it grew and developed and expanded. And upon it there was built a bigger and a better, a more perfect union.

Subject to Change

This Charter, like our own Constitution, will be expanded and improved as time goes on. No one claims that it is now a final or a perfect instrument. It has not been poured into any fixed mold. Changing world conditions will require readjustments—but they will be the readjustments of peace and not of war.

That we now have this Charter at all is a great wonder. It is also a cause for profound thanksgiving to Almighty God, Who has brought us so far in our search for peace through world organization.

There were many who doubted that agreement could ever be reached by these fifty countries differing so much in race and religion, in language and culture. But these differences were all forgotten in one unshakable unity of determination to find a way to end war.

Out of all the arguments and disputes, and different points of view, a way was found to agree. Here in the spotlight of full publicity, in the tradition of liberty-loving people, opinions were expressed openly and freely. The faith and the hope of fifty peaceful nations were laid before this world forum. Differences were overcome. This Charter was not the work of any single nation or group of nations, large or small. It was the result of a spirit of give-and-take, of tolerance for the views and interests of others.

It was proof that nations, like men, can state their differences, can face them, and then can find common ground on which to stand. That is the essence of democracy; that is the essence of keeping the peace in the future. By your agreement, the way was shown toward future agreement in the years to come.

Main Objective—Peace

This Conference owes its success largely to the fact that you have kept your minds firmly on the main objective. You had the single job of writing a constitution—a Charter for peace. And you stayed on that job.

In spite of the many distractions which came to you in the form of daily problems and disputes about such matters as new boundaries, war criminals, the form of government of some of the European countries—in spite of all these, you continued in the task of framing this document.

These problems and scores of others, which will arise, are all difficult. They are complicated. They are controversial and dangerous.

But with united spirit we met and solved even more difficult problems during the war. And with the same spirit, if we keep to our principles and never forsake our objectives, the problems we now face and those to come will also be solved.

We have tested the principle of co-operation in this war and have found that it works. Through the pooling of resources, through joint and combined military command, through constant staff meetings, we have shown what united strength can do in war. That united strength forced Germany to surrender. United strength will force Japan to surrender.

The United Nations have also had experience, even while the fighting was still going on, in reaching economic agreements for times of peace. What was done on the subject of relief at Atlantic City, food at Hot Springs, finance at Bretton Woods, aviation at Chicago, was a fair test of what can be done by nations determined to live co-operatively in a world where they cannot live peacefully any other way.

Must Not Fail

What you have accomplished in San Francisco shows how well these lessons of military and economic co-operation have been learned. You have created a great instrument for peace and security and human progress in the world. The world must now use it.

If we fail to use it, we shall betray all those who have died in order that we might meet here in freedom and safety to create it.

If we seek to use it selfishly—for the advantage of any one nation or any small group of nations—we shall be equally guilty of that betrayal.

The successful use of this instrument will require the united will and firm determination of the free peoples who have created it. The job will tax the moral strength and fiber of us all.

Price of Peace

We all have to recognize—no matter how great our strength—that we must deny ourselves the license to do always as we please. No one nation, no regional group, can or should expect, any special privilege which harms any other nation. If any nation would keep security for itself, it must be ready and willing to share security with all. That is the price which each nation will have to pay for world peace. Unless we are all willing to pay that price, no organization for world peace can accomplish its purpose.

And what a reasonable price that is.

Out of this conflict have come powerful military nations, now fully trained and equipped for war. But they have no right to dominate the world. It is rather the duty of these powerful nations to assume the responsibility for leadership toward a world of peace. That is why we have here resolved that power and strength should be used not to wage war, but to keep the world at peace, and free from the fear of war.

By their own example the strong nations of the world should lead the way to international justice. That principle of justice is the foundation stone of this Charter. That principle is the guiding spirit by which it must be carried out—not by words alone, but by continued concrete acts of good will.

There is a time for making plans—and there is a time for action. The time for action is now. Let us, therefore, each in his own nation and according to his own way, seek immediate approval of this Charter—and make it a living thing.

I shall send this Charter to the United States Senate at once. I am sure that the overwhelming sentiment of the people of my country and of their representatives in the Senate is in favor of immediate ratification.

Economic and Social Justice

A just and lasting peace cannot be attained by diplomatic agreement alone, or by military cooperation alone. Experience has shown how deeply the seeds of war are planted by economic rivalry and by social injustice. The Charter recognizes this fact for it has provided for economic and social cooperation as well. It has provided for this cooperation as part of the very heart of the entire compact.

It has set up machinery of international cooperation which men and nations of good will can use to help correct economic and social causes for conflict.

Artificial and uneconomic trade barriers should be removed—to the end that the standard of living of as many people as possible throughout the world may be raised. For freedom from want is one of the basic Four Freedoms toward which we all strive. The large and powerful nations of the world must assume leadership in this economic field as in all others.

Under this document we have good reason to expect the framing of an international bill of rights, acceptable to all the nations involved. That bill of rights will be as much a part of international life as our own Bill of Rights is a part of our Constitution. The Charter is dedicated to the achievement and observance of human rights and fundamental freedoms. Unless we can attain those objectives for all men and women everywhere—without regard to race, language or religion—we cannot have permanent peace and security.

With this Charter the world can begin to look forward to the time when all worthy human beings may be permitted to live decently as free people.

The world has learned again that nations, like individuals, must know the truth if they would be free — must read and hear the truth, learn and teach the truth.

We must set up an effective agency for constant and thorough interchange of thought and ideas. For there lies the road to a better and more tolerant understanding among nations and among peoples.

Military Victory Not Enough

All Fascism did not die with Mussolini. Hitler is finished—but the seeds spread by his disordered mind have firm root in too many fanatical brains. It is easier to remove tyrants and destroy concentration camps than it is to kill the ideas which give them birth and strength. Victory on the battlefield was essential, but it was not enough. For a good peace, a lasting peace, the decent peoples of the earth must remain determined to strike down the evil spirit which has hung over the world for the last decade.

The forces of reaction and tyranny all over the world will try to keep the United Nations from remaining united. Even while the military machine the Axis was being destroyed in Europe—even down to its very end—they still tried to divide us.

They failed. But they will try again.

They are trying even now. To divide and conquer was—and still is—their plan. They still try to make one ally suspect the other, hate the other, desert the other.

But I know I speak for every one of you when I say that the United Nations will remain united. They will not be divided by propaganda either before the Japanese surrender—or after.

This occasion shows again the continuity of history.

Monument to Roosevelt

By this Charter you have moved toward the goal for which that gallant leader in this second world struggle worked and fought and gave his life — Franklin D. Roosevelt.

By this Charter you have realized the objective of many men of vision in your own countries who have devoted their lives to the cause of world organization for peace.

Upon all of us, in all our countries, is now laid the duty of transforming into action these words which you have written, upon our decisive action rests the hope of those who have fallen, those now living, those yet unborn—the hope for a world of free countries—with decent standards of living—which will work and co-operate in a friendly civilized community of nations.

This new structure of peace is rising upon strong foundations.

Let us not fail to grasp this supreme chance to establish a world-wide rule of reason — to create an enduring peace under the guidance of God.

Filipinos Said To Be Disappointed With Tydings Plan for Islands

Joseph E. Ridder, publisher of the Journal of Commerce, who has just returned from a five weeks' visit to the South Pacific under Navy auspices, reports that the recommendations of Senator Tydings, in his survey of the Philippine situation, for a free trade breathing space of only three to five years is a great disappointment to Filipino business men, who, Mr. Ridder says, according to the Journal of Commerce on June 18, think at least twenty years of preferred entry to the American market should be provided. Such a period is held necessary to permit the Filipinos to rehabilitate the country and then plan for the orderly transition to a foreign country status, if this should be determined upon as the ultimate goal.

Filipino business men, Mr. Ridder continued, point out that in the past they fell in with plans of powerful American groups wishing to exclude Philippine products. Back in the 1930s they hestitated to oppose plans for complete political autonomy because independence was a political sacred cow. Now that the economic consequences of independence have been driven home graphically to the populace, it is hoped that broad support can be obtained for Philippine status approaching that of a British dominion.

As a territory of the United States, Mr. Ridder explained, the Philippines became a food importing country, marketing their major agricultural products here. They enjoyed profitable markets for their sugar, coconut products and abaca, while importing cheap rice from continental Asia. As a result, the Filipino standard of living was much higher than in neighboring Asiatic countries. But, all that has been changed by Japan.

Currently, the restoration of the sugar economy is stymied by the uncertainty over the future tariff treatment of Philippine products by the United States. This raises the question for the ordinary laboring man as to whether tariff preference is not more important than independence, Mr. Ridder added.

The Japanese forced the Filipinos to grow rice instead of sugar. This was done to adapt the Philippine economy to the co-prosperity program, under which the islands would grow their own food and also supply rice to Japan. The Filipino found his standard of living sharply lowered with the switch from sugar to rice. Thus, he has had an object lesson in what independence means, showing what loss of his profitable market in the United States means for him individually.

Commenting upon present conditions in the Philippines, Mr. Ridder said that they are desperately short of all types of consumer goods. Prices for many common household articles, when they can be found, are five to six times those prevailing here. A minimum of 50,000 tons of shipping is needed to relieve dire distress, he added. However, it is obvious that at least this amount will be required every month for a minimum restoration of the Philippine economy.

Dock and warehouse facilities are lacking, but every effort is being put forth now to build additional docking so that goods can be unloaded directly from ocean-going vessels, instead of having to use barges or small vessels. Warehouse shelter of some sort also will be erected just as promptly as this can be done. However, the shipping stringency makes broad resumption of trade impossible for many months to come.

Freight Traffic Volume Declined 1.4% in May

The volume of freight traffic, handled by Class I railroads in May, 1945, measured in tons-miles of revenue freight, amounted to 63,400,000,000 ton-miles, according to a preliminary estimate based on reports received from the railroads by the Association of American Railroads. The decrease under May 1944 was 1.4%.

Revenue ton-miles of service performed by Class I railroads in the first five months of 1945 was 1 7/10% under 1944, but 3½% greater than the corresponding period two years ago.

The following table summarizes revenue ton-miles for the first five months of 1945 and 1944 (000 omitted):

	1945	1944	% Change
1st 3 mos.	176,732,142	182,459,451	—3.1
Mo. of Apr.	*61,600,000	60,288,986	+2.2
Mo. of May	†63,400,000	64,270,148	—1.4
Total 5 mos.	301,732,142	307,018,585	—1.7

*Revised estimate. †Preliminary estimate.

Cotton Spinning for May

The Bureau of the Census announced on June 21 that, according to preliminary figures, 23,148,336 cotton spinning spindles were in place in the United States on May 31, 1945, of which 22,167,678 were operated at some time during the month, compared with 22,158,674 in April, 22,232,168 in March, 22,223,848 in February, 22,260,628 in January, 1945, and 22,384,986 in May, 1944. The aggregate number of active spindle hours reported for the month was 9,634,335,228, an average of 416 per spindle in place, compared with 9,021,492,660, an average of 390 per spindle in place, for last month and 10,057,547,582, an average of 431 per spindle in place, for May, 1944. Based on an activity of 80 hours per week, cotton spindles in the United States were operated during May, 1945, at 114.8% capacity. The per cent., on the same activity basis, was 116.9 for April, 121.8 for March, 122.2 for February, 119.7 for January, 1945, and 119.0 for May, 1944.

New Labor Legislation Proposed In Senate Measure—Would Revise Wagner Act

Material revisions in the workings of the National Labor Relations Act (the so-called Wagner Act) are proposed in a bill, patterned after the Railway Labor Act, submitted to Congress June 20, jointly by Senators Hatch (Democrat) New Mexico, Ball (Rep.) Minnesota and Burton (Rep.) Ohio, which would vest all labor conciliation and mediation in a new Federal Labor Relations Board. A separate unfair labor practices tribunal would take over functions of the present National Labor Relations Board. Together they would supplant the War Labor Board and the Conciliation Service of the Labor Department. The sponsors of the new measure, three of the original Congressional advocates of United States participation in a world organization to prevent wars, said their new plan would avert the serious danger of a knockdown, dragout fight between management and labor in the immediate post-war period, said Associated Press advices from Washington on June 20, which indicated Senator Hatch in an explanation prepared for the Senate, as saying, "we propose that the last surviving field in which civil warfare is tolerated shall be transferred into a field of industrial peace." From the Associated Press we also quote:

The bill would do a drastic rewrite job on principal sections of the present Wagner Act. For instance, the closed shop would be legal only where a union is (1) the "freely chosen representative of 75% of employees involved, (2) its agreement with management is approved by 60% of employees involved, (3) its membership is open to anybody hired by management, and (4) its members are removable from membership only on written charges and after a fair hearing.

Senator Hatch said that neither labor nor management had been consulted beforehand, nor had the bill been submitted to President Truman.

"I would warn the extreme partisans of all economic groups," he declared, "that none will be satisfied by this bill. But it offers to disputants in the field of labor relations an opportunity to submit their disputes to the decisions of public tribunals with a prospect of justice equal to that now held forth by the courts."

The further Associated Press accounts as given in Washington advices to the New York "Sun" stated:

The authors said the bill was drafted from initial recommendations of a volunteer committee headed by Donald R. Richberg, Washington attorney, who helped draft the Railway Labor Act and who formerly served as head of the National Recovery Administration.

The legislation proposes compulsory arbitration of all labor grievances arising from conflicting interpretations of existing contracts and of all disputes where work stoppages would result in hardship to the public.

"The right to strike is expressly preserved," Mr. Hatch said. "But it is assumed, on the basis of railroad experience, that the need for striking will be practically eliminated and strikes will be a rare occurrence. There has not been a major strike on the railroads since the Railway Labor Act was passed."

Both employers and employees would have the same legal obligation to exhaust all peaceful procedures provided in the legislation and either could be held liable for unfair labor practices.

The proposed new labor relations board could require disputants, failing in mediation, to submit their arguments to an arbitration board or to a fact-finding commission. Its recommendations the parties are expected, but not required, to adopt.

But where the board might determine public hardship is involved, such as disputes involving coal or milk production or continued operation of public utilities, it would have power to enforce, through judicial contempt proceedings, temporary compulsory settlements.

One departure from present Federal labor jurisdiction is that the legislation provides for leaving a great many labor disputes to the States to handle.

This is done through a proviso narrowing interstate and foreign commerce, as far as labor relations are concerned, to eliminate from Federal jurisdiction disputes involving "local handling or distribution of consumer goods or end products after termination of their interstate shipment or importation."

The legislation directs the proposed new unfair labor practices tribunal to study the need for additional legislation to assure "democratic control and operation of labor organizations and of employer organizations engaged in collective bargaining."

Senator Ball said that the proposed revision of closed shop requirements would eliminate the possibility of a monopoly on employment opportunities by assuring that every union with a closed shop contract would be "an open union, with membership available on a fair basis to all qualified individuals."

"The Government," Mr. Ball declared, "can not in all conscience permit (job) opportunitis to be monopolized by labor organizations whose leadership and policies do not represent at least a substantial majority of their membership and which deny membership on an arbitrary basis."

The Senators all stressed the need for industrial peace to make the nation strong in its important role of helping keep world peace.

All three Senators took the floor in the Senate today to explain features of their bill. Senator Burton asserted that, in addition to leaving to the States disputes which are "predominantly local," controversies involving farm labor, domestic service and employers of less than 20 workers are excluded from the scope of their proposal.

Mr. Burton said it was not a just and lasting peace among nations.

"We also have a duty to secure a just and lasting peace among ourselves," he told the Senate.

Criticism on the proposed legislation came from the three labor groups on June 21, it was reported on that date by the Associated Press from Washington, which had the following to say:

Seldom has the leadership of the big three labor organizations so quickly taken a stand together in opposition to legislation.

AFL President William Green said the American Federation of Labor will oppose the measure "with all its strength," and remarked that the American workers "who have served their country so faithfully and so well throughout the war will resent this attempt to infringe upon their fundamental freedoms as their reward for victory."

John L. Lewis, United Mine Workers, said "no sane American, no matter how great the visionary promises, is willing to sacrifice his liberties and freedom for a pretended square deal under compulsory arbitration, the verdict of which is backed up by a court decree which in effect and operation means economic regimentation—nothing more, nothing less."

Philip Murray, President of the CIO, also issued a statement saying that "of all the measures ever introduced in Congress addressed to the problem of industrial relations, this is unquestionably the most bald-faced attempt to destroy labor unions and nullify the basic constitutional rights of workers."

Improvement in Meat Supply Is Promised

An improvement in the meat situation was promised on June 21 by President Truman at Olympia, Wash., en route to the San Francisco Conference. At a press conference at Olympia, the first outside the White House, the President forecast a single control over food and prices. According to the Associated Press he spoke reassuringly of the food situation and said the Administration is at work on a plan for single control over prices and food, but did not disclose how it would function. The press advices added:

"He said the meat shortage would automatically be straightened out as soon as Representative Clinton P. Anderson, Democrat of New Mexico, takes office as his new Secretary of Agriculture and War Food Administrator. Mr. Truman added that it would have been straightened out under the contemplated program under Marvin Jones, retiring Food Administrator, as well.

"He told a questioner he had not seen yesterday's statement of former President Herbert Hoover that food controls over meat distribution had broken down. He added that Mr. Hoover had been very helpful in his recent White House talk on the subject."

The advices from which we quote further said, in part:

"At the press cnoference, attended by his host, Governor Mon C. Wallgren, and by United States Senator Warren G. Magnuson of Seattle, the President also:

Expressed confidence the Senate would ratify the Bretton Woods world monetary agreements, and gratification over its approval yesterday of legislation to extend the reciprocal trade program;

Indorsed a measure calling for creation of a Columbia Valley Authority;

Told reporters the San Francisco United Nations Conference, after delays over technical matters, seems to have accomplished its purpose and that he will leave by plane Monday to address its closing session;

Assured questioners he had no plans for lowering the age for discharging soldiers, adding that it is a matter strictly for the military;

And the President came out flatly in favor of post-war completion of the Alaska Highway in cooperation with Canada and British Columbia Governments.

The President said he had no Cabinet changes immediately in mind and denied reports he was getting rid of Interior Secretary Harold L. Ickes. In response to a question, he said he still had nothing on reports of a change in the State Department, headed by Edward R. Stettinius Jr.

Commenting on the reciprocal trade legislation, he said—permitting direct quotation—that it "places the United States squarely behind the principles of international trade cooperation." "Trade cooperation, however," he [illegible] "must go hand in hand with monetary and financial cooperation.'

He said he had talked with Senator Magnuson and with Alaska's Governor, Ernest Gruening, about the Alaska Highway, of which there is a 600-mile gap to be finished. He was referring to the valley or Trench route northward through British Columbia, considerably west of the present Alaska military highway. Mr. Truman said it was absolutely essential that it be considered a part of a post-war program; that it is a good project and he will support it."

Hoover Proposes Transfer of Meat Control From OPA to Secretary of Agriculture

Recommendations by former President Herbert Hoover toward remedying the present critical situation affecting meats and fats was made in a letter to Representative Jenkins (Republican) of Ohio with the start of debate in the House on June 20 on extending the Emergency Price Control Act for another year. A 12-point program was proposed by Mr. Hoover, his suggestions calling for the designation of the Secretary of Agriculture as War Food Administrator and the transfer to him "of the price and other powers and staff of the OPA which are concerned in any way with animals and animal products, including feed, except the mechanical job of rationing," which he said, should be left with the OPA. Mr. Hoover's recommendations, as reported to the New York "Journal of Commerce" from its Washington bureau June 20 follow:

1. The Secretary of Agriculture should have transferred to him all the price and other powers and staff of OPA, concerned with meat, except the "mechanical job of rationing."

2. He should have control of all allocating and buying of major animal products for the armed forces, Lend-Lease and relief.

3. The Secretary should appoint an Administrator of Animal Products.

4. The Secretary should have an advisory committee representing the Army, Navy, Lend-Lease and relief allocation and buying.

5. Greater co-operation with farmers and the legitimate trades through creation of such committees as: A National War Committee of Livestock Growers, a National War Committee of Packers, a National War Committee of Commission Men, and a National War Committee of Animal Products Retailers.

6. "If not already done," all legitimate packers, commission men and retailers should be licensed and be required to deal only with other licensees.

7. The Secretary of Agriculture by agreement with the War Livestock Committee should set ceiling and floor prices upon various grades of cattle, hogs, poultry, eggs and dairy products to be paid to farmers at the nearest point to production.

8. Packers and commission men should be directed to pay no more than the agreed ceilings nor less than the floors.

9. Packers should be given an over-riding markup over their cost of animals, to cover their costs plus a reasonable profit. No subsidies need be paid.

10. Commission men and wholesalers should be given their usual trade commissions or a markup over prices paid by them.

11. Retailers should be given their usual markup over cost of their commodities to cover rent, labor and profit, "and this too should probably be averaged over one month's business."

"Under this simplified method, the retailer can charge what he pleases for luxury meat, but he would be compelled to reduce the price correspondingly on necessity meat in order to keep within his average monthly markup covering all products in which he deals," Mr. Hoover stated.

12. The Secretary of Agriculture should instruct the various trade committees that it is their responsibility to police their own trades.

The eleventh point, it was noted by observers here, is very similar to the maximum average price plan which OPA has imposed over the strenuous protests of the clothing industry.

Regarding Mr. Hoover's proposals, special advices to the New York "Times" from Washington June 20 said:

Calling for an "administrative revolution" to bring about more equitable distribution and proper pricing, Mr. Hoover said:

"In frantic efforts to hold the supposed ceiling prices, subsidies are being given to processors and farmers amounting to millions of dollars. As these subsidies come out of the taxpayer's pocket, who is also the consumer, they do not alleviate anything. If they increase the debt, our veterans of this war will be required to pay part of our food bills after they have come home from war."

He praised the farmer for performing an "extraordinary job," but said that there had been sharp declines in the animal population and that 1945 meat production would show a considerable decrease. He added:

"The causes of all this lie broadly in the method of organization where the control of food has been divided over six or seven agencies, and where the whole price-control machinery is based upon ill-advised concepts and where the organization has considered coercion more useful than cooperation with producers, distributors and consumers.

"Price control is necessary in times of scarcity and of inflation pressure. The question is one of method."

Mr. Hoover said that his plan would do the following things:

"a. The people will get their animal products for lower prices than they are paying today if black market and subsidies are taken into account.

"b. Trade will flow in normal channels, for the dealers can vary the prices between products depending upon the demand for each so long as they do not exceed their average 'mark-up.'

"c. The National War Committees can see to it that there are no local famines.

"d. There will be no need for subsidies.

"e. Production will increase.

"f. It will require a minimum of policing by the Government."

"That this plan of organization and administration works was shown by the experience of the last war," Mr. Hoover said, adding, "That the plan now in use has failed requires no demonstration.

"Without reform our domestic difficulties will increase, and the hope of aid on meats and fats to women and children abroad becomes hopeless."

The former President said that the existence of black markets in meats and fats, except milk, in every city, was sufficient evidence of a breakdown in control of distribution and price.

"A large part of the civilian consumption," he asserted, "is in fact being dealt with at prices up to 100% above the supposed ceiling prices. A survey within a week by the New York Board of Trade states that from 50 to 85% of the meat and fat supplies in this city are in effect black market operations. An economic force like that cannot be caught by a policeman."

Mr. Jenkins, after reading the letter, expressed the hope that Mr. Hoover's recommendations would receive the consideration to which they were due.

Although there was strong opposition to the pure and simple extension of OPA among House Republicans, they conceded, nevertheless, that Congress must in the end approve continuance of the price control system to avoid inflation and confusion. They, therefore, aimed to concentrate on seeking approval of amendments which would reform OPA policies.

From Washington Ahead Of The News

(Continued from first page)

to lend the trio his name because Ball and Burton, two Republicans, were playing the New Deal game. After lending his name, Hill didn't do any work, but Ball, Burton and Hatch went around the country seeking to arouse the people to danger of those who didn't realize the world had shrunk and who were so narrow minded as to still talk about a nation's sovereignity.

In view of the sort of peace organization that has finally come out of San Francisco, it would be interesting to know just what became of this movement. What has been wrought is something the most rabid isolationist can support. Insofar as ratification of this pact is concerned, there seems to be no reason why those able isolationist Senators should not have been permitted to remain on the job. There has been a lot of propaganda, apparently inspired, to the effect that Stalin prevented the all-out peace organization with his insistence that the five major nations have a veto power. Commander Stassen, one of our delegates, who was one of the original all-outers, who couldn't tolerate anyone to the contrary, be he Republican or Democrat, and whose views Ball reflected, is now authority for the statement that the Yalta formula embodying the veto power was prepared by Mr. Roosevelt himself. It seems that neither Roosevelt, Churchill nor Stalin ever seriously entertained any idea of any nation sacrificing any of its sovereignty, Mr. Roosevelt's wild-eyed followers notwithstanding. Their shouting became so loud that "isolationist" Vandenberg made a complete flip-flop, and came to saying that there was a lot of bunk about the importance of a nation's sovereignty. Then when he gets out to San Francisco he found that such all-outers as Stassen have become "realists." Indeed, we heard Stassen in a radio debate the other night, demand of Senator Styles Bridges, if he would vote to give an international organization authority to send our troops where it wanted to, without our having a veto power. Such a proposition seemed to be shocking to Stassen. But it is what he was advocating just a few months ago. In view of what has happened at San Francisco, one wonders just what all the murderous shouting the past two years has been about.

The turn of things, however, has not dampened the yearning for self-expression on the part of Messrs. Ball, Burton and Hatch. They say nothing more about their world peace organization. Apparently that is an "accomplishment" which their active minds and energies can file away, as they move onto something else.

Having settled the peace of the world, they have now come forward with a proposal to settle industrial strife in this country. It may be that Ball is conscience-stricken, because he was one of the original revolutionary newspaper guildsmen.

There are a lot of people who would like to see industrial peace. But they aren't likely to get it in this proposal. Its main defect, like most similar enterprises, is that it seeks to solve a situation which has been created by laws, by heaping more laws on top of it. Congress' right to pass the Wagner Act was its avowed purpose of stopping industrial strife in interstate commerce. What the act did was to bring about a rival labor organization, which has increased, not decreased the strife. The way to straighten out the mess would be to modify the Wagner Act to provide simply that any man discharged for belonging to a labor union would have redress in the courts. The only real argument that could be made against this, is that the average worker couldn't finance the litigation. But the unions are now plenty well heeled to take care of this. If you reduce the law to this simple proposition, there could be little of the forcing of men into unions as is now the case; the closed shop would not be the rule of the land.

Truman Asks Congress for New Legislation On Presidential Succession

In a message to Congress on June 19 asking for the re-examination of the question of the Presidential succession, President Truman pointed out that "it now lies within my power," to nominate the person who would be my immediate successor in the event of my own death or inability to act. "I do not believe" he added "that in a democracy this power should rest with the Chief Executive. In so far as possible, the office of the President should be filled with an elective officer." In recommending legislation placing the Speaker of the House as "first in order of succession in case of the removal, death, resignation or inability to act of the President and Vice President," President Truman said:

"The Speaker of the House of Representatives, who is elected in his own district, is also elected to be the presiding officer of the House by a vote of all the Representatives of all the people of the country. As a result, I believe that the Speaker is the official in the Federal Government whose selection next to that of the President and Vice President can be most accurately said to stem from the people themselves."

The existing statute governing the succession to the office of President was enacted in 1886. Under it, it was pointed out by the President "in the event of the death of the elected President and Vice President, members of the Cabinet successively fill the office." The order of succession now is the Secretaries of State, Treasury and War, the Attorney-General, the Postmaster-General, and the Secretaries of the Navy and the Interior. Under the present order Edward R. Stettinius, Jr. would be next in line for the Presidency, in the event that Mr. Truman failed to complete his term. Under the President's proposal, Sam Rayburn (Dem.) Texas would be the Successor-Designate. The President's Message, sent to Congress shortly after he started his non-stop flight to Olympia, Wash. was referred to the Judiciary Committee. The message follows:

To the Congress of the United States:

I think that this is an appropriate time for the Congress to re-examine the question of the Presidential succession. The question is of great importance now because there will be no elected Vice-President for almost four years.

The existing statute governing the succession to the office of President was enacted in 1886. Under it, in the event of the death of the elected President and Vice-President, members, of the Cabinet successively fill the office.

Each of these Cabinet members is appointed by the President with the advice and consent of the Senate. In effect, therefore, by reason of the tragic death of the late President, it now lies within my power to nominate the person who would be my immediate successor in the event of my own death or inability to act.

I do not believe that in a democracy this power should rest with the Chief Executive.

In so far as possible, the office of the President should be filled by an elective officer. There is no officer in our system of government, besides the President and Vice-President, who has been elected by all the voters of the country. The Speaker of the House of Representatives, who is elected to be the presiding officer elected in his own district, is also of the House by a vote of all the Representatives of all the people of the country. As a result, I believe that the speaker is the official in the Federal government whose selection, next to that of the President and Vice-President, can be most accurately said to stem from the people themselves.

Under the law of 1792, the President pro Tempore of the Senate followed the Vice-President in the order of succession. The President pro Tempore is elected as Senator by his State and then as presiding officer by the Senate. But the members of the Senate are not as closely tied in by the elective process to the people as the members of the House of Representatives. A completely new house is elected every two years, and always at the same time as the President and Vice-President. Usually it is in agreement politically with the Chief Executive. Only one-third of the Senate, however, is elected with the President and Vice-President. The Senate might, therefore, have a majority hostile to the policies of the President, and might conceivably fill the Presidential office with one not in sympathy with the will of the majority of the people.

Some of the events in the impeachment proceedings of President Johnson suggested the possibility of a hostile Congress in future seeking to oust a Vice President who had become President pro Tempore of the Senate become the President. This was one of the considerations, among several others, which led to the change in 1886.

No matter who succeeds to the Presidency after the death of the elected President and Vice-President, it is my opioinn he should not serve any longer than until the next Congressional election or until a special election called for the purpose of electing a new President and Vice - President. This period the Congress should fix. The individuals elected at such general or special election should then serve only to fill the unexpired term of the deceased President and Vice-President. In this way there would be no interference with the normal four-year interval of general national elections.

'I recommend, therefore, that the Congress enact legislation placing the Speaker of the House of Representatives first in order of succession in case of the removal, death, resignation or inability to act of the President and Vice-President. Of course, the Speaker should resign as Representative in the Congress as well as Speaker of the House before he assumes the office of President.

If there is no qualified Speaker, or if the Speaker fails to qualify, then I recommend that the succession pass to the President pro Tempore of the Senate, who should hold office until a duly qualified Speaker is elected. If there be neither Speaker nor President pro Tempore qualified to succeed on the creation of the vacancy, then the succession might pass to the members of the Cabinet as now provided, until a duly qualified Speaker is elected.

If the Congress decides that a special election should be held, then I recommend that it provide for such election to be held as soon after the death or disqualification of the President and Vice-President as practicable. The method and procedure for holding such special election should be provided now by law so that the election can be held as expeditiously as possible should the contingency arise.

In the interest of orderly, democratic government I urge the Congress to give its early consideration to this most important subject.

HARRY S. TRUMAN

The White House, June 19, 1945.

Following the submission of the President's message, Senator Bridges, (Republican) New Hampshire, introduced a bill following substantially the President's suggestions, said the Associated Press, which added: "The line of succession, under Mr. Bridges's measure, after the President and Vice-President, would be: Speaker of the House, President pro Tempore of the Senate, Secretary of State, Secretary of the Treasury, Secretary of War, Attorney General, Postmaster General, Navy Secretary, Interior Secretary.

Action was postponed on the bill of Senator Bridges, the Associated Press reported from Washington, June 22, stating that Chairman Green (D., R. I.) of the Senate Privileges and Elections Committee, which is to review the bill said that it was decided to wait a week in order to give committee members more time to study constitutional questions involved.

On June 25 legislation putting the Speaker of the House next to the Vice-President in line of succession for the Presidency was introduced by Representative Hatton W. Sumners, Democrat, of Texas, Chairman of the House Judiciary Committee. While the bill provides that the speaker or those following him should serve only until the next general elections, there is likelihood, according to the Associated Press, that an amendment will be sought in the House proposing that he fill out the unexpired term of the President.

Noting that interest had lately been aroused in Congress in legislation which would clarify the line line of succession to the Presidency in any emergency, the Associated Press reported from Washington on June 16, that a House subcommittee recently approved a bill by Representative Kefauver of Tennessee which, if adopted, would remove all doubt. Mr. Kefauver's bill would provide that, if neither a President nor Vice-President could serve, the office would go to the Secretary of State and then pass through the Cabinet in this order:

Secretaries of the Treasury, of War, the Attorney General, the Postmaster General, Secretaries of Navy, Interior, Agriculture, Commerce, Labor.

The Cabinet officer in line would take over the office only until the House of Representatives could meet and elect a President.

The Associated Press June 16, likewise said:

"The same subcommittee is studying a bill by Representative Monroney of Oklahoma which would put the Speaker of the House in the Presidential succession line right after the Vice-President.

"Mr. Monroney's bill would require the Speaker to resign his Congressional post and take over the executive office immediately should both the President and Vice-President be unable to serve through death or lack of qualifications.

"Should the Speaker die after he has taken the Presidential oath and while Congress is in recess, the President pro tem of the Senate would become President—but he would hold the office only long enough for the House to meet and elect a Speaker — who would promptly resign and become President.

"The theory behind the Monroney bill is that it would always keep in the Presidential chair a man who has been voted upon both by the people and by the House which represents all the people."

Soviet May Demobilize Millions From Army

Proposals for large scale demobilization of Russias armies are to be discussed during the recently opened 12th session of the Supreme Soviet in the Great Hall of the Kremlin, it was announced in Moscow, June 22, according to Associated Press advices from there on that date. General Alexei Antonoff, Chief of Staff, who made the announcement, said that the Council of People's Commissars had proposed that millions of men in the 13 eldest age groups be demobilized. From the Associated Press accounts we quote:

The Soviet Chief of Staff said that Russian forces should "remain on a level commensurate with our country's greatness," and added, "we cannot rest on our laurels."

The planned demobilization, if accepted by the Supreme Soviet—and it is almost certain to be—would be completed by the end of this year.

General Antonoff did not stipulate exactly which ages the 13 classes would cover.

Marshal Stalin was present when the proposal was disclosed.

The Moscow radio said that generous cash payments were proposed for released Soviet soldiers. The broadcast, heard in London by the Associated Press, reported the following:

Rank and file soldiers would get one year's extra pay for each year of service. The rank and file of special units receiving higher rates would get six months' additional pay for each year of service.

Sergeants of all arms would receive six months' pay as a bonus for each year of service. Officers would be paid two months' additional salary for one year of service, three months' pay for the two years, four months' pay for three years and five months' pay for four years.

The law would require councils of the people, commissars, factory managers and other responsible groups to provide employment for those demobilized not later than one month after their return and in positions not lower than those they held before they joined the army.

Local authorities and collective farms would be obliged to help returning service men restore their farms if they were damaged by the German occupation. Provision would be made for supplying to former soldiers dwellings and fuel.

The Tass News Agency said that the All-Union Bank would be obliged to issue loans of 5,000 to 10,000 rubles [about $415 to $830 at the diplomatic exchange rate] to demobilized soldiers for restoration of dwellings damaged in occupation areas.

General Antonoff was quoted as having said that the demobilization had been planned so normal railway transport could be maintained and jobs created for returning soldiers.

The Red Army command in Siberia is continuing training fighting reserves under battlefild conditions, the Moscow radio said, according to the Federal Communications Commission.

The broadcast quoted Lieut. Gen. Kurhanoff, identified as commander of the Siberian military area, as having expressed pride in the performance of "hundreds of thousands of Siberian soldiers" in the war against Germany and adding that "the war in Europe is over, but military and political schooling and the training of fighting reserves does not cease for a moment."

The State of Trade

(Continued from page 2878)

the output of electricity increased to approximately 4,348,413,000 kwh. in the week ended June 16, 1945, from 4,327,028,000 kwh. in the preceding week. Output for the week ended June 16, 1945, was 1.4% above that for the corresponding weekly period one year ago.

Consolidated Edison Co. of New York reports system output of 170,500,000 kwh. in the week ended June 17, 1945, comparing with 163,400,000 kwh. for the corresponding week of 1944, or an increase of 4.4%.

Local distribution of electricity amounted to 168,400,000 kwh., compared with 159,400,000 kwh. for the corresponding week of last year, an increase of 5.7%.

Paper Production—Paper production for the week ended June 9, was 92.8% of capacity, as against 87.9% of capacity for the preceding week, the American Paper and Pulp Association's index of mill activity disclosed. As for paperboard, production for the same period was reported at 97% of capacity, or an increase of four points over the previous week.

Slight Increase in Business Failures—Commercial and industrial failures in the week ending June 21 rose to the highest number in the last seven weeks, reports Dun & Bradstreet, Inc., but they were a third below the number in the same week a year ago. Concerns failing numbered 17, as compared with 13 last week and 25 in the corresponding week of 1944.

Large failures involving liabilities of $5,000 or more fell from 11 a week ago to eight in the week just ended, a little over half the 15 in last year's comparable week. Small failures, however, increased sharply to more than four times their number in the previous week and almost equaled the number in the corresponding week of 1944.

The increase occurred in both manufacturing and retailing. Concerns failing in manufacturing were twice their number in the prior week and concerns failing in retailing rose from seven last week to nine this week. In no trade or industry group were failures as high as in the same week of last year.

One Canadian failure was reported, the same as last week and the same as the corresponding week of 1944.

Wholesale Commodity Price Index—Movements in the daily wholesale commodity price index, compiled by Dun & Bradstreet, Inc., were narrow during the past week. The index closed at 177.45 on June 19, after repeating the war-time high of 177.50 on the previous day. The current figure compares with 172.12 on the corresponding day last year. Under the leadership of rye, all domestic grain markets displayed renewed strength during the week. Corn was in strong demand, with prices at or close to ceilings. Strength in wheat reflected reports of car shortage to move the new crop and reports of large grain and flour exports to Europe.

Food Price Index at High Level of Year—Up another cent for the week, the Dun & Bradstreet wholesale food price index for June 19 went to $4.11, equaling the 1945 high mark touched on Feb. 13 and April 17. This represents a rise of 2.5% above the $4.01 recorded on the corresponding date a year ago. Compared with the previous week, higher prices were listed for rye, oats, eggs, sheep and lambs. Declines occurred in flour and steers.

The index represents the sum total of the price per pound of 31 foods in general use.

April Hardware Sales Well Above 1944—Sales of independent retail hardware dealers and wholesale hardware distributors in the United States showed good gains in April, 1945, over last year, "Hardware Age" currently reports in its every-other-Thursday market summary. Returns from 1,103 independent retail hardware stores, in all parts of the nation, showed that April sales averaged 13% over those for the same month last year. Cumulative sales for the first four months of 1945 were 15% greater than last year.

Based on April reports from a majority of the wholesale hardware distributors in the United States, sales were 7% over the same month last year. Cumulative sales for the first four months of 1945 were 6% greater than last year. Inventories as of April 30 were 3% lower than for the same date last year. Collection percentages on accounts receivable were better in April than last year.

Retail and Wholesale Trade—Hot weather the past week gave impetus to retail buying for the country as a whole and sales totals continued high. Marked activity in the buying of sportswear for both men and women, in addition to equipment sales, helped to increase the volume above that of last week. Shortages of staple goods, the lack of low-end apparel merchandise, coupled with reportedly poorer quality in the higher-priced articles, and layoffs in some sections of the country continue to be reported as affecting retail activity. Volume, however, continued well above that of last year.

Ready-to-wear items had the outstanding turnover of the week. Summer apparel purchasing was at peak levels, with unrationed shoes, playshoes, and beachwear the most active features. Cotton dress buying was high, especially for the teen-age group, with demand for women's sheers exceeding the supply. Washable handbags sold well; millinery departments, however, reported the week quiet as compared with other recent weeks. Buying of novelty jewelry, hair ornaments, gloves, and cosmetics has been well maintained.

Housefurnishing articles sold well where supplies permitted. Glassware and crockery stocks in most sections are insufficient to fill the heavy demand.

With the sudden appearance of hot weather, the demand for canned fruit juices has left retail shelves quite bare. The demand for eggs, butter and meat remained only partially satisfied, although the butter situation has eased slightly. Fresh fruits and vegetables are appearing in satisfactory amounts. Duckling continued to be the most available meat in many communities.

Retail volume for the country was estimated at 11 to 16% above that of last year. Regional percentage increases were: New England, 7 to 11; East, 14 to 18; Middle West, 12 to 16; Northwest, 6 to 11; South, 10 to 15; Southwest, 8 to 12, and Pacific Coast, 13 to 18.

In the wholesale field, volume approximated last week's level, with large-scale buying continuing in the fall apparel market. Coats and suits are being ordered as much as possible, but the supply is limited. Fur coat demands are averaging the high 1943 level as a result. The textile and metal markets remaining under Government supervision were featureless. The wholesale grocery dollar volume was only slightly above last year's level, since shortages in the basic commodities still prevailed.

Department store sales on a country-wide basis, as taken from the Federal Reserve Board's index for the week ended June 16, 1945, increased by 19% and compared with a gain of 14% in the preceding week. For the four weeks ended June 16, 1945, sales increased by 12%, and for the year to date by 12%.

Notable strength was evidenced in retail trade here in New York the past week and percentage gains ranged around the highest for the year. Food sales at retail were slightly below the previous week, with wholesale volume spotty. There was a marked shortage of eggs, potatoes and oranges. In the wholesale markets fall buying continued active, although the number of buyers' arrivals was below the total for the last two weeks. Deliveries are expected to become the prime concern of retailers, and many store representatives plan to return to New York next month.

According to the Federal Reserve Bank's index, department store sales in New York City for the weekly period to June 16, 1945, increased by 22% above the same period of last year. This compared with a gain of 20% in the preceding week. For the four weeks ended June 16, 1945, sales rose by 15%, and for the year to date by 13%.

Steel Operations at Higher Rate—Tight Civilian Situation in Third Quarter Seen

"While substantial shell steel cutbacks, made last week at St. Louis, were being replaced by rated orders involving rails and structurals, there was still difference of opinion in the steel industry and in Washington as to the availability of the greatly sought-after steel product-sheets," states "The Iron Age" in its issue of today (June 28), which further states in part as follows:

"Most steel centers were of the opinion that it would be late third quarter and probably early fourth quarter before sheets in any substantial quantity would be moving to civilian manufacturers. On the other hand the WPB position this week is that the supply of flat rolled material will ease somewhat during the latter half of the third quarter when military cutbacks are expected to be reflected at mill levels in substantial quantities. Issue, however, has been taken with WPB Chairman J. A. Krug's estimate of 300,000 tons of sheets to be available for nonrated business in the third quarter.

"Despite the differences in estimates, it may possibly be that the full force of past and present military cancellations may reach the mills in one lump during the third quarter. Such a condition, envisioned by some, would substantially change the reluctance of steel mills to give commitments on nonrated deliveries.

"The shell contract cutbacks held the spotlight at Pittsburgh this week with practically every producer of heavy shells being affected. Noted in the cutback program was the plan of moving shell contracts further West in order that the finished product would be closer to the source of use. Many of the contracts canceled in Pittsburgh were transferred to plants in the West. The bomb program shows no signs of easing up. During the third quarter more than 200,000 tons of pipe have been slated for bombs, while in the fourth quarter the amount may approximate 232,000 tons.

"That oil companies may still find it difficult early next year to obtain what supplies they desire is seen in a contemplated upping of the bomb program in the first quarter of 1946 to perhaps 270,000 tons of pipe, and in the second quarter of that year, subject to considerable change, the allocation might possibly run as high as 400,000 tons. Pipe requirements for bombs are in the three or four sizes commonly used by oil companies.

"Headed by automotive requirements unvalidated orders continued to increase in volume this past week. Aside from a few large consumers, most individual nonrated orders are considerably smaller in size than the industry's average during the war period. As these orders find their place on mill schedules, a climb in production costs is expected to become more pronounced, the reason being that orders will call for various sizes and types as compared with the 'straight run' war orders.

"Unrated buyers now are said to be convinced that there is little hope for shipments earlier than the late third quarter or early fourth quarter except for spot openings. Judging from past steel market history, however, the desire of nonrated buyers to stand on the sidelines will be short-lived because they realize that being on the backlog of even unrated orders is better than not having placed an order at all."

The American Iron and Steel Institute on June 25 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 91.5% of capacity for the week beginning June 25, compared with 88.8% one week ago, 91.0% one month ago and 95.7% one year ago. The operating rate for the week beginning June 25 is equivalent to 1,675,900 tons of steel ingots and castings, compared to 1,626,500 tons one week ago, 1,666,800 tons one month ago, and 1,714,300 tons one year ago.

"Steel" of Cleveland, in its summary of the iron and steel markets, on June 25 stated in part as follows:

"Much doubt is expressed by steel leaders over recent reports that substantial tonnages of unrated steel will be available in third quarter. They doubt seriously if there will be anywhere near enough steel to meet recently announced quotas on such civilian products as mechanical refrigerators, washing machines and electric stoves, even though priority assistance is given.

"Estimates of unrated steel available in third quarter have run as high as a million tons, last week, a WPB spokesman being quoted as stating 'free' steel for the third quarter would be double the amount previously expected—1,000,000 tons instead of 500,000. Producers, however, assert that from a practical standpoint nowhere near this quantity can be expected. They point out that if demand were heavy for plates and reinforcing steel and certain other items and if raw steel could be spared to meet such a demand 'free' steel might be reasonably heavy, but such prospect appears out of the question.

"Present outlook is for some third quarter unrated steel in plates, reinforcing bars, some wire products, alloy and perhaps carbon bars in smaller sizes. There may even be a fair tonnage of plain heavy gauge sheets, particularly nine to 11-gauge, as a result of substantial reductions in landing mats. However, this tonnage can not be readily applied to automobiles and other civilian products. Producers see no source for an appreciable quantity of light sheets for some time. Automobile builders, however, may be able to develop excess steel in gauges and finishes they need, in sufficient quantity to help a little in third quarter.

"Even where priorities are available, as in the case of certain household appliances, producers of steel believe there will be a congestion of orders.

"Meanwhile restrictions are being further eased on some products which are in tapering demand, with production directives to be lifted July 1 on plates, reinforcing bars and mesh and some wire items, including fence and barbed wire. The plan appears to continue releases of this kind as opportunity offers.

"Pig iron supply continues sufficient for needs, though the situation is fairly tight, no inventories being built by producers or melters. Buying for third quarter is close to the tonnage covered for second quarter, with slight increases noted here and there. Some easing in labor supply indicates foundries may be able to increase output soon, taking on some of the inquiry they have been unable to meet in the past.

"Average composite prices of steel and iron products are all at ceiling prices, steelmaking scrap having regained the loss occasioned a few weeks ago, now standing at $19.17. Finished steel composite is $58.27, semi-finished steel at $37.80 and steel-making pig iron $24.05."

Overseas Forces Granted Extension on Income Tax

Secretary Morgenthau announced on June 13 that an additional extension has been granted to overseas members of the armed forces on their income tax obligations which were postponed because of overseas service. The action is intended particularly to help servicemen who stop in the United States for a few months while en route from the European to the Pacific theater of war. The extension is embodied in an amendment to the income tax regulations and was issued by Commissioner of Internal Revenue Joseph D. Nunan, Jr., with the approval of the Secretary. The Treasury announcement adds:

"Specifically, the new regulation provides that the postponement granted an overseas serviceman will continue until he has been back in the United States for a continuous period of five and one-half calendar months (not counting the month in which he returns). In other words, an overseas serviceman will not lose his tax postponement if he stays in this country for a short period while en route to another overseas assignment.

"The new time allowance was decided upon after consultation with the War Department regarding the approximate time which may be spent in this country on furloughs and in retraining camps by servicemen being transferred from Europe to the Pacific. Formerly, the regulations cancelled the tax postponement of an overseas serviceman after he had been back three and one-half calendar months.

"The tax laws exempt the first $1,500 of active service pay of each member of the armed forces, and therefore most enlisted men and women owe no taxes."

Walter H. Bennett Resigns As Officer of Emigrant Industrial Savings Bank

John T. Madden, President of the Emigrant Industrial Savings Bank of New York, announced on June 26 that as of July 1st, Walter H. Bennett will resign as an officer of the Emigrant Industrial Savings Bank but will continue to be associated with the bank as a consultant. He will also continue as a member of the Board of Trustees and Chairman of the Investment Committee. Mr. Bennett became a Trustee of the Bank in 1923. He was President from Jan. 1, 1931 to Dec. 31, 1935, at which time he was elected to the Chairmanship of the Board. He served as Chairman of the Board until January 1st of this year, and resigned from that office at that time to become Chairman of the Executive Committee.

Weekly Coal and Coke Production Statistics

The total production of soft coal in the week ended June 16, 1945, is estimated at 11,850,000 net tons, a decrease of 220,000 tons from the preceding week and 323,000 tons less than in the corresponding week of 1944. The total output of soft coal from Jan. 1 to June 16, 1945 is estimated at 273,717,000 tons, a decrease of 7.5% when compared with the 295,891,000 tons produced during the period from Jan. 1 to June 17, 1944.

Production of Pennsylvania anthracite for the week ended June 16, 1945, as estimated by the Bureau of Mines, was 1,298,000 tons, an increase of 16,000 tons (1.2%) over the preceding week. When compared with the output in the corresponding week of 1944 there was a decrease of 6,000 tons, or 0.5%. The calendar year to date shows a decrease of 20.8% when compared with the corresponding period of 1944.

Th Bureau also reported that the estimated production of beehive coke in the United States for the week ended June 16, 1945 showed a decrease of 1,800 tons when compared with the output for the week ended June 9, 1945; and was 16,100 tons less than for the corresponding week of 1944.

ESTIMATED UNITED STATES PRODUCTION OF BITUMINOUS COAL AND LIGNITE IN NET TONS

	Week Ended			Jan. 1 to Date	
Bituminous coal & lignite—	June 16, 1945	*June 9, 1945	June 17, 1944	†June 16, 1945	June 17, 1944
Total, including mine fuel	11,850,000	12,070,000	12,173,000	273,717,000	295,891,000
Daily average	1,975,000	2,012,000	2,029,000	1,924,000	2,055,000

*Revised. †Subject to current adjustment.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND COKE

(In Net Tons)

	Week Ended			Calendar Year to Date		
Penn. anthracite—	‡June 16, 1945	§June 9, 1945	June 17, 1944	June 16, 1945	Jnue 17, 1944	June 19, 1937
*Total incl. coll. fuel.	1,298,000	1,282,000	1,304,000	24,128,000	30,456,000	26,935,000
†Commercial produc.	1,246,000	1,231,000	1,252,000	23,163,000	29,238,000	25,588,000
Beehive coke—						
United States total	131,400	133,200	147,500	2,773,200	3,575,100	1,732,100

*Includes washery and dredge coal, and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF BITUMINOUS COAL AND LIGNITE, BY STATES, IN NET TONS

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended		
State—	June 9, 1945	June 2, 1945	June 10, 1944
Alabama	375,000	403,000	356,000
Alaska	6,000	6,000	7,000
Arkansas and Oklahoma	93,000	91,000	88,000
Colorado	124,000	105,000	127,000
Georgia and North Carolina	*	1,000	1,000
Illinois	1,430,000	1,272,000	1,511,000
Indiana	511,000	473,000	561,000
Iowa	46,000	40,000	46,000
Kansas and Missouri	125,000	114,000	151,000
Kentucky—Eastern	994,000	968,000	980,000
Kentucky—Western	363,000	371,000	390,000
Maryland	34,000	27,000	40,000
Michigan	3,000	3,000	3,000
Montana (bitum. & lignite)	116,000	90,000	91,000
New Mexico	27,000	20,000	38,000
North & South Dakota (lignite)	33,000	39,000	33,000
Ohio	797,000	644,000	711,000
Pennsylvania (bituminous)	2,980,000	2,658,000	3,032,000
Tennessee	130,000	142,000	150,000
Texas (bituminous & lignite)	1,000	1,000	2,000
Utah	137,000	111,000	132,000
Virginia	362,000	353,000	385,000
Washington	27,000	24,000	28,000
†West Virginia—Southern	2,064,000	2,032,000	2,274,000
‡West Virginia—Northern	1,108,000	1,066,000	1,056,000
Wyoming	184,000	181,000	159,000
§Other Western States	*	*	*
Total bituminous & lignite	12,070,000	11,235,000	12,352,000

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. §Includes Arizona and Oregon. *Less than 1,000 tons.

Electric Output for Week Ended June 23, 1945 Exceeds That for Same Week Last Year by 0.8%

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended June 23, 1945, was approximatly 4,358,277,000 kwh., which compares with 4,325,417,000 kwh. in the corresponding week a year ago and 4,348,413,000 kwh. in the week ended June 16, 1945. The output of the week ended June 23, 1945, was 0.8% in excess of that for the same week last year.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	June 23	June 16	June 9	June 2
New England	*1.3	*0.3	0.6	2.2
Middle Atlantic	2.8	2.2	2.6	0.0
Central Industrial	*0.2	0.9	2.0	2.7
West Central	1.5	5.0	5.2	3.9
Southern States	3.2	7.0	5.8	6.8
Rocky Mountain	0.9	*1.0	*3.5	*0.1
Pacific Coast	*1.7	*4.3	*4.1	*3.3
Total United States	0.8	1.4	1.5	1.4

*Decrease under similar week in previous year.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1945	1944	% Change over 1944	1943	1932	1929
March 3	4,472,110	4,464,686	+ 0.2	3,946,630	1,538,452	1,702,570
March 10	4,446,136	4,425,630	+ 0.5	3.944,679	1,537,747	1,687,229
March 17	4,397,529	4,400,246	— 0.1	3,946,836	1,514,553	1,683,262
March 24	4,401,716	4,409,159	— 0.2	3,928,170	1,480,208	1,679,589
March 31	4,329,478	4,408,703	— 1.8	3,889,858	1,465,076	1,633,291
April 7	4,321,794	4,361,094	— 0.9	3,882,467	1,480,738	1,696.543
April 14	4,332,400	4,307,498	+ 0.6	3,916,794	1,469,810	1,709,331
April 21	4,411,325	4,344,188	+ 1.5	3,925,175	1,454,505	1,699,822
April 28	4,415,889	4,336,247	+ 1.8	3,866,721	1,429,032	1,688,434
May 5	4,397,330	4,233,756	+ 3.9	3,903,723	1,436,928	1,698,942
May 12	4,302,381	4,238,375	+ 1.5	3,969,161	1,435,731	1,704,426
May 19	4,377,221	4,245,678	+ 3.1	3,992,250	1,425,151	1,705,460
May 26	4,329,605	4,291,750	+ 0.9	3,990,040	1,381,452	1,615,085
June 2	4,203,502	4,144,490	+ 1.4	3,925,893	1,435,471	1,689,925
June 9	4.327.028	4,264,600	+ 1.5	4,040,376	1,441,532	1,699,227
June 16	4,348.413	4,287,251	+ 1.4	4,098,401	1,440,541	1,702,501
June 23	4,358,277	4,325,417	+ 0.8	4,120.038	1,456,961	1,723,428
June 30		4,327,359		4,110,793	1,341,730	1,592,075

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES†

(Based on Average Yields)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus
June 26	122.93	115.82	120.84	119.20	116.02	108.16	112.93	115.43	119.41
25	122.93	115.82	120.84	119.41	115.82	108.16	112.93	115.43	119.41
23	122.97	115.82	120.84	119.20	115.82	108.16	112.93	115.43	119.41
22	122.97	115.82	120.84	119.20	115.82	107.80	112.75	115.43	119.20
21	123.02	116.02	121.04	119.41	116.02	107.98	112.75	115.43	119.41
20	123.02	115.82	120.84	119.41	115.82	107.98	112.75	115.43	119.41
19	123.05	115.82	120.84	119.41	115.82	107.80	112.75	115.24	119.61
18	123.05	115.82	120.84	119.41	115.82	107.80	112.75	115.24	119.41
16	123.02	115.82	120.84	119.20	115.82	107.80	112.75	115.43	119.41
15	122.97	115.82	120.84	119.20	115.82	107.80	112.75	115.43	119.41
14	122.95	115.82	120.84	119.20	115.82	107.80	112.75	115.43	119.41
13	122.95	115.63	120.84	119.20	115.63	107.80	112.56	115.24	119.41
12	122.93	115.63	120.84	119.20	115.63	107.62	112.56	115.24	119.41
11	122.93	115.63	120.84	119.00	115.63	107.62	112.56	115.24	119.41
9	122.83	115.63	120.84	119.00	115.63	107.62	112.37	115.24	119.41
8	122.81	115.63	120.84	119.00	115.63	107.62	112.37	115.24	119.41
7	122.81	115.63	120.84	119.00	115.63	107.62	112.56	115.04	119.41
6	122.67	115.63	120.84	119.00	115.43	107.62	112.37	115.04	119.41
5	122.45	115.43	120.63	119.00	115.63	107.44	112.37	115.04	119.20
4	122.36	115.43	120.63	119.00	115.63	107.44	112.37	115.04	119.20
2	122.23	115.43	120.63	119.00	115.43	107.44	112.37	114.85	119.20
1	122.23	115.43	120.63	119.00	115.43	107.44	112.37	114.85	119.20
May 25	122.29	115.43	120.63	118.80	115.43	107.44	112.19	114.85	119.20
18	122.31	115.43	120.63	118.80	115.43	107.27	112.19	114.66	119.41
11	122.26	115.24	120.84	118.40	115.43	107.09	112.19	114.46	119.41
4	122.38	115.24	120.84	118.40	115.24	107.09	112.00	114.27	119.41
Apr. 27	122.38	115.24	120.84	118.40	115.04	107.09	112.19	114.27	119.20
20	122.44	115.04	120.84	118.40	115.04	106.56	111.81	114.27	119.20
13	122.59	115.04	120.84	118.60	115.04	106.56	111.81	114.46	119.20
6	122.21	115.04	120.84	118.40	115.04	106.39	111.44	114.46	119.20
Mar. 31	122.01	114.85	121.04	118.40	114.85	106.04	111.25	114.27	119.20
23	122.19	115.04	121.04	118.60	114.85	106.21	111.44	114.27	119.41
16	122.25	115.04	120.84	118.80	114.66	106.39	111.07	114.46	119.41
9	122.47	114.85	120.63	118.60	114.66	106.21	110.88	114.46	119.41
2	122.05	114.66	120.43	118.60	114.46	106.21	110.70	114.27	119.61
Feb. 23	121.92	114.66	120.02	118.60	114.46	106.04	110.52	114.08	119.41
Jan. 26	120.88	113.89	119.41	118.00	113.70	105.17	109.24	113.89	118.60
High 1945	123.05	116.02	121.04	119.41	116.02	108.16	112.93	115.43	119.61
Low 1945	120.55	113.50	118.80	117.80	113.31	104.48	108.52	113.70	118.20
1 Year Ago									
June 26, 1944	120.26	112.37	118.40	117.00	112.00	102.30	106.04	113.89	117.40
2 Years Ago									
June 26, 1943	120.44	110.70	118.80	116.22	111.25	98.09	102.46	113.70	116.61

MOODY'S BOND YIELD AVERAGES

(Based on Individual Closing Prices)

1945— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
June 26	1.60	2.86	2.61	2.69	2.85	3.27	3.01	2.88	2.68
25	1.60	2.86	2.61	2.68	2.86	3.27	3.01	2.88	2.68
23	1.59	2.86	2.61	2.69	2.86	3.27	3.01	2.88	2.68
22	1.59	2.86	2.61	2.69	2.86	3.29	3.02	2.88	2.69
21	1.59	2.85	2.60	2.68	2.85	3.28	3.02	2.88	2.68
20	1.59	2.86	2.61	2.68	2.86	3.28	3.02	2.88	2.68
19	1.59	2.86	2.61	2.68	2.86	3.29	3.02	2.89	2.67
18	1.59	2.86	2.61	2.68	2.86	3.29	3.02	2.89	2.68
16	1.59	2.86	2.61	2.69	2.86	3.29	3.02	2.88	2.68
15	1.59	2.86	2.61	2.69	2.86	3.29	3.02	2.88	2.68
14	1.59	2.86	2.61	2.69	2.86	3.29	3.02	2.88	2.68
13	1.59	2.87	2.61	2.69	2.87	3.29	3.03	2.89	2.68
12	1.60	2.87	2.61	2.69	2.87	3.30	3.03	2.89	2.68
11	1.60	2.87	2.61	2.70	2.87	3.30	3.03	2.89	2.68
9	1.60	2.87	2.61	2.70	2.87	3.30	3.04	2.89	2.68
8	1.60	2.87	2.61	2.70	2.87	3.30	3.04	2.89	2.68
7	1.60	2.87	2.61	2.70	2.87	3.30	3.03	2.90	2.68
6	1.61	2.87	2.61	2.70	2.88	3.30	3.04	2.90	2.68
5	1.63	2.88	2.62	2.70	2.87	3.31	3.04	2.90	2.69
4	1.63	2.88	2.62	2.70	2.87	3.31	3.04	2.90	2.69
2	1.64	2.88	2.62	2.70	2.88	3.31	3.04	2.91	2.69
1	1.64	2.88	2.62	2.70	2.88	3.31	3.04	2.91	2.69
May 25	1.64	2.88	.62	2.71	2.88	3.31	3.05	2.91	2.69
18	1.64	2.88	2.62	2.71	2.88	3.32	3.05	2.92	2.68
11	1.64	2.89	2.61	2.73	2.88	3.33	3.05	2.93	2.68
4	1.63	2.89	2.61	2.73	2.89	3.33	3.06	2.94	2.68
Apr. 27	1.63	2.89	2.61	2.73	2.90	3.33	3.05	2.94	2.69
20	1.63	2.90	2.61	2.73	2.90	3.36	3.07	2.94	2.69
13	1.62	2.90	2.61	2.72	2.90	3.36	3.07	2.93	2.69
6	1.64	2.90	2.61	2.73	2.90	3.37	3.09	2.93	2.69
Mar. 31	1.66	2.91	2.60	2.73	2.91	3.39	3.10	2.94	2.69
23	1.65	2.90	2.60	2.72	2.91	3.38	3.09	2.94	2.68
16	1.65	2.90	2.61	2.71	2.92	3.37	3.11	2.93	2.68
9	1.66	2.91	2.62	2.72	2.92	3.38	3.12	2.93	2.68
2	1.69	2.92	2.63	2.72	2.93	3.38	3.13	2.94	2.67
Feb. 23	1.69	2.92	2.65	2.72	2.93	3.39	3.14	2.95	2.68
Jan. 26	1.77	2.96	2.68	2.75	2.97	3.44	3.21	2.96	2.72
High 1945	1.80	2.98	2.71	2.76	2.99	3.48	3.25	2.97	2.74
Low 1945	1.59	2.85	2.60	2.68	2.85	3.27	3.01	2.88	2.67
1 Year Ago									
June 26, 1944	1.78	3.04	2.73	2.80	3.06	3.58	3.39	2.96	2.78
2 Years Ago									
June 26, 1943	1.82	3.13	2.71	2.84	3.10	3.87	3.60	2.97	2.82

*These prices are computed from average yields on the basis of one "typical" bond 3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

Commercial Paper Outstanding

Reports received by the Federal Reserve Bank of New York from commercial paper dealers show a total of $102,800,000 of open market paper outstanding on May 31, 1945, compared with $118,600,000 on April 30, 1945, and $150,700,000 on May 31, 1944, the bank announced on June 15.

Following are the totals for the last two years:

1945—	$	1944—	$
May 31	102,800,000	May 31	150,700,000
Apr 30	118,600,000	Apr 29	171,500,000
Mar 30	146,700,000	Mar 31	194.800.000
Feb 28	157,300,000	Feb 29	213.700.000
Jan 31	162,400,000	Jan 31	208,900,000
1944—		1943—	
Dec 30	166,000,000	Dec 31	202.000,000
Nov 30	166,900,000	Nov 30	203,300,000
Oct 31	141.700,000	Oct 30	187,800.000
Sep 29	140,800,000	Sep 30	169,500.000
Aug 31	140,900,000	Aug 31	156,200.000
July 31	142,900,000	July 31	149,800,000
Jun 30	136,500,000	Jun 30	143,300,000

Veterans Aid Treasury Against Tax Evaders

Representatives of three major organizations of veterans have pledged to Secretary Morgenthau the support of their groups in the Treasury's accelerated drive against tax evaders, and specifically have accepted major roles in aiding the recruitment of additional employees for the Bureau of Internal Revenue.

National officials of the American Legion, the Disabled American Veterans, and the Veterans of Foreign Wars of the United States have just concluded a series of conferences with Secretary Morgenthau and with Charles S. Bell, his administrative assistant, and T. F. Wilson, Director of Personnel, at which plans were made to attract returning servicemen who can qualify for many of the 11,000 new positions open as a result of the accelerated tax drive. President Truman has given his complete approval to efforts to make these positions available to veterans.

The veterans' representatives conferring with Mr. Morgenthau were Millard W. Rice, National Service Director, and Milton D. Cohn, National Commander, the Disabled American Veterans; Col. John Thomas Taylor, Legislative Director, the American Legion, and Omar B. Ketchum, National Legislative Representative, Veterans of Foreign Wars.

The publications and service programs of these organizations will begin immediately to carry the story of the tax drive and the Treasury's personnel needs to the memberships, and to returning servicemen generally.

Treasury officials assured the veterans' leaders of the Department's desire to give servicemen every chance to qualify for the positions, for which there is a salary scale of $2,600 or $3,200, plus overtime, for agents; $2,000 plus overtime for deputy collectors; and $1,440 and $1,620 and overtime for clerical workers. The overtime payments for the various positions range from $311 to $628 a year at present rates; and it was pointed out that pending salary legislation would provide substantial increases over the base pay levels cited.

Special training programs are being set up to aid in qualifying servicemen, especially those carrying disabilities, for the jobs, and the national organizations will cooperate in this phase.

Air Mail To Continent

Postmaster Albert Goldman directed attention on June 23 to an announcement issued by Postmaster General Frank C. Walker that, effective immediately, airmail service will be resumed to Belgium, Denmark, France Luxembourg, Netherlands, Norway and Switzerland. Letters will be accepted for dispatch by airmail to these countries when prepaid at the rate of 30 cents per half ounce or fraction thereof. Letters for Belgium, Denmark, France, Luxembourg, Norway and Switzerland may not exceed two ounces in weight. For the present, letters for the Netherlands must not exceed one ounce in weight.

Moody's Daily Commodity Index

Tuesday, June 19, 1945	257.4
Wednesday, June 20	257.4
Thursday, June 21	257.3
Friday, June 22	257.4
Saturday, June 23	256.3
Monday, June 25	256.7
Tuesday, June 26	256.6
Two weeks ago, June 12	258.0
Month ago, May 26	257.4
Year ago, June 26, 1944	249.2
1944 High, Dec. 31	254.4
Low, Nov. 1	245.7
1945 High, June 12	258.0
Low, Jan. 24	252.1

Trading on New York Exchanges

The Securities and Exchange Commission made public on June 20 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended June 2, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended June 2 (in round lot transactions) totaled 2,207,315 shares, which amount was 14.75% of the total transactions on the Exchange of 7,480,600 shares. This compares with member trading during the week ended May 26 of 2,086,834 shares, or 14.97% of the total trading of 6,971,070 shares. On the New York Curb Exchange, member trading during the week ended June 2 amounted to 451,265 shares or 14.35% of the total volume on that exchange of 1,572,235 shares. During the week ended May 26 trading for the account of Curb members of 522,570 shares was 14.89% of the total trading of 1,788,081.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED JUNE 2, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	225,610	
‡Other sales	7,254,990	
Total sales	7,480,600	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	542,910	
Short sales	99,670	
‡Other sales	474,220	
Total sales	573,890	7.46
2. Other transactions initiated on the floor—		
Total purchases	266,930	
Short sales	28,000	
‡Other sales	246,040	
Total sales	274,040	3.62
3. Other transactions initiated off the floor—		
Total purchases	197,903	
Short sales	20,050	
‡Other sales	331,592	
Total sales	351,642	3.67
4. Total—		
Total purchases	1,007,743	
Short sales	147,720	
‡Other sales	1,051,852	
Total sales	1,199,572	14.75

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED JUNE 2, 1945

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	28,025	
‡Other sales	1,544,210	
Total sales	1,572,235	
B. Round-Lot Transaction for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	106,790	
Short sales	10,905	
‡Other sales	130,615	
Total sales	141,520	7.89
2. Other transactions initiated on the floor—		
Total purchases	43,725	
Short sales	1,400	
‡Other sales	33,400	
Total sales	34,800	2.50
3. Other transactions initiated off the floor—		
Total purchases	47,555	
Short sales	12,700	
‡Other sales	64,175	
Total sales	76,875	3.96
4. Total—		
Total purchases	198,070	
Short sales	25,005	
‡Other sales	228,190	
Total sales	253,195	14.35
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	61,920	
Total purchases	61,920	
Total sales	51,833	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Wholesale Prices Unchanged In Week Ended June 16

The Bureau of Labor Statistics' index of commodity prices in primary markets remained unchanged during the week ended June 16, at 106.0% of the 1926 level, said the United States Department of Labor on June 21, which reports that the index was 0.2% above a month ago and 2.2% higher than in mid-June of last year.

The advices further stated:

"**Farm Products and Foods**—Average prices for farm products increased 0.2% during the week as the result of higher quotations for most grains, for eggs and for certain fresh fruits and vegetables. Increases were reported in prices of corn, rye and wheat, while a slight decrease was shown for barley. Eggs increased over 2% as the result of seasonal adjustments in ceiling prices. Prices for apples were generally higher as were lemons, onions, tobacco and cotton. Substantially higher quotations were reported for white potatoes in New York markets and for sweet potatoes. Quotations for livestock were generally lower with declines of over 4% reported for cows as the result of increased marketings, and lesser declines for calves, steers, and sheep. Since mid-May average prices of farm products have increased 1.2% and were 6.6% above the level of the corresponding week of a year ago.

"The higher quotations for fresh fruits and vegetables and for eggs raised the general level of food prices in primary markets 0.4% during the week. Higher prices also were reported for rye flour. Food prices were 0.8% above the level of a month ago and 2.7% above mid-June, 1944.

"**Other Commodities**—No important changes were reported in prices of other commodities. Slightly lower sales realizations for natural and manufactured gas were not sufficient to affect the fuel and lighting materials group index. Slightly higher prices for common brick were offset by lower prices for turpentine to leave the building materials group index unchanged. Average prices of all commodities other than farm products and foods were at the same level as a month ago, 1.0% above mid-June of last year."

The Labor Department included the following notation in its advices:

Note—During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. The indexes must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) indexes for the principal groups of commodities for the past three weeks, for May 19, 1945 and June 17, 1944, and (2) the percentage changes in subgroup indexes from June 9, 1945 to June 16, 1945.

WHOLESALE PRICES FOR WEEK ENDED JUNE 16, 1945
(1926=100)

						Percentage change to June 16, 1945 from—		
Commodity Groups—	6-16 1945	6-9 1945	6-2 1945	5-19 1945	6-17 1944	6-9 1945	5-19 1945	6-17 1944
All commodities	106.0	106.0	106.1	105.8	103.7	0	+0.2	+2.2
Farm products	131.0	130.7	130.8	129.5	122.9	+0.2	+1.2	+6.6
Foods	107.7	107.3	107.5	106.8	104.9	+0.4	+0.8	+2.7
Hides and leather products	118.3	118.3	118.3	118.3	117.7	0	0	+0.5
Textile products	99.1	99.1	99.1	99.1	97.3	0	0	+1.8
Fuel and lighting materials	84.5	84.5	84.7	84.6	83.7	0	—0.1	+1.0
Metals and metal products	104.8	104.8	104.8	104.3	103.8	0	+0.5	+1.0
Building materials	117.3	117.3	117.3	117.2	115.8	0	+0.1	+1.3
Chemicals and allied products	95.3	95.3	94.9	94.9	95.5	0	+0.4	—0.2
Housefurnishing goods	106.2	106.2	106.2	106.2	106.0	0	0	+0.2
Miscellaneous commodities	94.6	94.6	94.6	94.6	93.3	0	0	+1.4
Raw materials	119.0	118.8	118.9	117.9	113.1	+0.2	+0.9	+5.2
Semimanufactured articles	95.3	95.3	95.3	94.8	93.7	0	+0.5	+1.7
Manufactured products	102.0	102.0	102.1	102.1	101.0	0	—0.1	+1.0
All commodities other than farm products	100.6	100.6	100.6	100.5	99.5	0	+0.1	+1.1
All commodities other than farm products and foods	99.7	99.7	99.8	99.7	98.7	0	0	+1.0

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM JUNE 9, 1945 TO JUNE 16, 1945

Increases

Fruits and vegetables	1.5	Other foods	0.5
Other farm products	0.9	Grains	0.2
Brick and tile	0.1		

Decreases

Livestock and poultry	1.0	Paint and paint materials	0.1

Civil Engineering Construction $41,873,000 For Week of June 21

Civil engineering construction volume in continental United States totals $41,873,000 for the week. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 50% greater than in the corresponding 1944 week, 1% higher than the previous four-week moving average, but is 29% under the 1945 high of a week ago according to "Engineering News-Record." The report made public on June 21, went on to say:

Private construction tops the 1944 week by 430%, but is 8% lower than a week ago. Public work is 40% and 3% lower, respectively, than a week ago and a year ago, due to the decrease in Federal volume.

The current week's construction brings 1945 volume to $829,615,000 for the 25 weeks, a 3% decline from $857,353,000 reported for the period last year. Private construction, $242,165,000, is 24% higher than in 1944, but public construction, $587,450,000, is down 11% as a result of the 17% decrease in Federal work. State and municipal construction, $121,865,000, tops a year ago by 22%.

Civil engineering construction for the current week, last week, and the 1944 week are:

	*6-21-45	6-14-45	6-21-44
Total U. S. Construction	$41,873,000	$59,216,000	$27,975,000
Private Construction	18,001,000	19,644,000	3,400,000
Public Construction	23,872,000	39,572,000	24,575.000
State and Municipal	12,173,000	5,186,000	3,879,000
Federal	11,699,000	34,386,000	20,696,000

*Current Week's Statistics.

In the classified construction groups, gains over the preceding week are in sewerage, bridges, commercial and public buildings, and streets and roads. Gains over the 1944 week are in bridges, industrial and commercial buildings, earthwork and drainage, streets and roads, and unclassified construction. Subtotals for the week in each class of construction are: Waterworks, $599,000; sewerage, $638,000; bridges, $776,000; industrial buildings, $12,753,000; commercial building and large-scale private housing, $3,990,000; public buildings, $8,305,000; earthwork and drainage, $317,000; streets and roads, $6,178,000; and unclassified construction, $8,317,000.

New capital for construction purposes for the week totals $9,966,000. It is made up of $6,506,000 in state and municipal bond sales, and $3,490,000 in corporate security issues. The week's new financing brings 1945 volume to $532,885,000, a total 21% above the $439,838,000 reported for the 25-week 1944 period.

Postwar Construction Planning Volume $21.3 Billions

Identified and recorded engineering projects proposed for construction in the post-war years total $21,262,593,000 according to reports to "Engineering News-Record" in the period from January 1, 1943 through June 14, 1945. Plans are under way or completed on post-war projects valued at $9,149,624,000, 43% of the total volume proposed, and on $1,389,290,000 worth of projects all financing arrangements have been completed.

Senate Group Votes To Restore OWI Funds

A Senate Appropriations subcommittee has voted to restore most of the amount cut by the House from the appropriation for the Office of War Information, the Associated Press reported from Washington on June 19.

At a closed session, the subcommittee approved $39,750,000 for the OWI for the year beginning July 1. A $42,000,000 Budget Bureau recommendation had been scaled down to $35,000,000 by the House Appropriations Committee, and the House slashed it further to $13,000,000.

General of the Army George C. Marshall, Army Chief of Staff, had in effect asked reconsideration of the House cuts which eliminated all funds for OWI operations in Europe. General of the Army Dwight D. Eisenhower had written that other provisions would have to be made to carry on work the OWI is doing in Europe.

In another action on a $900,000,000 supply bill for nearly two dozen war agencies the Senate subcommittee voted by a narrow margin to accede to House refusal to give any funds to the Fair Employment Practices Committee.

The FEPC was established by the late President Roosevelt by Executive Order to prevent war employment discriminations because of race, color or creed. The House declined to give the agency any money on the ground that it lacks statutory authority.

It was learned, however, that the attempt to amend the bill to include $599,000 approved by the Budget Bureau for the FEPC had failed to win approval of the Senate subcommittee by only one vote.

This led an influential Southern subcommittee member to predict that the full Senate Appropriations Committee will approve the money for the FEPC when it considers the War Agencies Bill tomorrow.

Should the full committee and the Senate approve the FEPC allowance and the more generous OWI allotment these matters would be thrown into conference with the House.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on June 20 a summary for the week ended June 9 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended June 9, 1945

	Total For Week
Odd-lot Sales by Dealers (Customers' purchases)	
Number of orders	26,567
Number of shares	795,391
Dollar value	$31,776,879
Odd-Lot Purchases by Dealers— (Customers' sales)	
Number of Orders:	
Customers' short sales	188
*Customers' other sales	26,523
Customers' total sales	26,711
Number of Shares:	
Customers' short sales	7,055
*Customers' other sales	738,045
Customers' total sales	745,100
Dollar value	$26,158,554
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	150
†Other sales	181,470
Total sales	181,620
Round-Lot Purchases by Dealers:	
Number of shares	245.770

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Daily Average Crude Oil Production for Week Ended June 16, 1945 Hits New Peak

Gross crude oil production hit a new peak in the week ended June 16, 1945 at 4,888,364 barrels per day, according to estimates by the American Petroleum Institute. This was an increase of 34,950 barrels per day over the output in the preceding week and a gain of 320,114 barrels per day when compared with the production in the week ended June 17, 1944., The current figure was also 28,764 barrels in excess of the daily average figure recommended by the Petroleum Administration for War for the month of June, 1945. Daily production for the four weeks ended June 16, 1945 averaged 4,866,815 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,915,000 barrels of crude oil daily and produced 15,132,000 barrels of gasoline; 1,580,000 barrels of kerosine; 5,342,000 barrels of distillate fuel, and 9,252,000 barrels of residual fuel oil during the week ended June 16, 1945; and had in storage at the end of the week 46,370,000 barrels of civilian grade gasoline; 41,134,000 barrels of military and other gasoline; 8,512,000 barrels of kerosine; 30,397,000 barrels of distillate fuel, and 39,482,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations June	*State Allowables Begin. June 1	Actual Production Week Ended June 16, 1945	Change from Previous Week	4 Weeks Ended June 16, 1945	Week Ended June 17, 1944
Oklahoma	370,000	380,000	†386,350	— 1,050	386,350	331,950
Kansas	274,000	269,400	†275,150	+ 25,100	264,750	284,200
Nebraska	1,000	----	†900	----	900	1,000
Panhandle Texas			90,000	----	90,000	92,150
North Texas			154,650	----	154,250	149,400
West Texas			497,550	----	496,450	447,900
East Central Texas			139,900	----	139,050	145,000
East Texas			377,600	----	378,700	360,550
Southwest Texas			357,700	----	356,700	312,950
Coastal Texas			563,050	----	563,150	528,450
Total Texas	2,170,000	‡2,171,706	2,180,450	----	2,178,300	2,036,400
North Louisiana			69,050	— 100	69,700	74,050
Coastal Louisiana			298,950	----	299,350	288,750
Total Louisiana	360,000	400,800	368,000	— 100	369,050	362,800
Arkansas	80,000	78,786	78,700	— 450	79,450	80,300
Mississippi	53,000		52,000	+ 250	51,350	42,950
Alabama	400		700	----	600	100
Florida	----		14	----	15	50
Illinois	200,000		200,250	— 750	199,750	205,650
Indiana	13,000		11,800	+ 200	11,850	12,400
Eastern— (Not incl. Ill., Ind., Ky.)	64,200		64,750	+ 2,500	63,550	69,200
Kentucky	28,000		29,600	+ 600	28,650	19,250
Michigan	47,000		49,450	+ 1,250	47,750	50,200
Wyoming	113,500		107,850	+ 500	107,400	84,200
Montana	23,000		20,300	----	20,300	21,300
Colorado	10,500		11,550	+ 600	11,150	8,150
New Mexico	105,000	105,000	103,750	----	103,850	107,950
Total East of Calif	3,912,600		3,941,564	+ 28,650	3,925,015	3,718,050
California	947,000	§947,000	946,800	+ 6,300	941,800	850,200
Total United States	4,859,600		4,888,364	+ 34,950	4,866,815	4,568,250

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. June 14, 1945.

‡This is the net basic allowable as of June 1 calculated on a 30-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 2 to 14 days, the entire state was ordered shut down for 6 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 6 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED JUNE 16, 1945

(Figures in thousands of barrels of 42 gallons each)

Figures in this section include reported totals plus an estimate of unreported amounts and are therefore on a Bureau of Mines basis

District—	% Daily Refining Capacity Reporting	Crude Runs to Stills Daily Average	Crude Runs to Stills % Operated	§Gasoline Production at Ref. Inc. Nat. Blended	‡Stocks of Gas Oil & Dist. Fuel Oil	‡Stocks of Residual Fuel oil	‡Gasoline Stocks Military and Other	‡Gasoline Stocks Civilian Grade
East Coast	99.5	735	92.9	1,742	6,928	5,966	5,050	8,308
Appalachian—								
District No. 1	76.8	104	80.0	337	440	236	1,684	1,227
District No. 2	81.2	55	117.0	174	88	86	508	892
Ind., Ill., Ky.	87.2	719	83.9	2,625	4,029	2,170	6,925	13,211
Okla., Kans., Mo.	78.3	395	84.2	1,465	1,669	1,198	2,275	7,221
Inland Texas	59.8	236	71.5	952	485	902	1,286	1,628
Texas Gulf Coast	89.3	1,190	96.2	3,993	4,960	5,362	9,804	4,545
Louisiana Gulf Coast	96.8	271	104.2	882	1,665	1,103	2,330	2,108
No. La. & Arkansas	55.9	84	66.7	240	1,455	191	162	1,753
Rocky Mountain—								
District No. 3	17.1	12	92.3	38	21	32	10	72
District No. 4	72.1	127	90.1	384	301	563	690	1,699
California	85.8	987	99.3	2,300	8,356	21,673	10,410	3,706
Total U. S. B. of M. basis June 16, 1945	85.6	4,915	90.5	15,132	30,397	39,482	*41,134	46,370
Total U. S. B. of M. basis June 9, 1945	85.6	4,827	88.9	15,256	30,339	38,996	40,865	47,031
U. S. Bur. of Mines basis June 17, 1944		4,741		14,170	34,079	52,668	37,056	47,269

*Includes aviation and military grades, finished and unfinished, title to which still remains in the name of the producing company; solvents, napthas, blending stocks currently indeterminate as to ultimate use, and 11,573,000 barrels unfinished gasoline this week, compared with 12,202,000 barrels a year ago. These figures do not include any gasoline on which title has already passed, or which the military forces may actually have in custody in their own or leased storage. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,580,000 barrels of kerosine, 5,342,000 barrels of gas oil and distillate fuel oil and 9,252,000 barrels of residual fuel oil produced during the week ended June 16, 1945, which compares with 1,488,000 barrels, 4,842,000 barrels and 9,382,000 barrels, respectively, in the preceding week and 1,295,000 barrels, 4,827,000 barrels and 9,182,000 barrels, respectively, in the week ended June 17, 1944.

Note—Stocks of kerosine at June 16, 1945, amounted to 8,512,000 barrels, as against 8,563,000 barrels a week earlier and 9,120,000 barrels a year ago.

National Fertilizer Association Commodity Price Index Declines Slightly

The weekly wholesale commodity price index compiled by The National Fertilizer Association and made public on June 25, declined fractionally to 141.6 in the week ended June 23, 1945, from 141.7 in the preceding week. The index had advanced for five consecutive weeks before this recession, reaching new high peaks for each consecutive week. A month ago the index stood at 140.7 and a year ago at 137.3, based on the 1935-1939 average as 100. The Association's report went on to say:

Three of the composite groups of the index declined during the latest week and none advanced. The farm products group declined fractionally with lower cotton quotations more than offsetting slightly higher prices for rye and choice cattle. The building materials group declined because of a decline in the price of gravel at St. Louis. The textiles index also declined slightly. The price of oranges advanced but this was not sufficient to raise the index for the foods group. Scrap steel also advanced slightly but not enough to affect the index for metals. There were no price changes in any of the remaining groups in the index.

During the week 2 price series in the index declined and 4 advanced; in the preceding week there were 2 declines and 7 advances; in the second preceding week there were 6 declines and 8 advances.

WEEKLY WHOLESALE COMMODITY PRICE INDEX

Compiled by The National Fertilizer Association

1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week June 23, 1945	Preceding Week June 16, 1945	Month Ago May 26, 1945	Year Ago June 24, 1944
25.3	Food	144.0	144.0	142.6	139.2
	Fats and Oils	145.2	145.2	145.3	145.1
	Cottonseed Oil	163.1	163.1	163.1	163.1
23.0	Farm Products	168.0	168.1	167.4	156.5
	Cotton	214.8	216.2	215.5	206.8
	Grains	166.1	166.0	163.7	159.9
	Livestock	161.6	161.5	161.0	146.7
17.3	Fuels	132.0	132.0	130.4	130.1
10.8	Miscellaneous Commodities	133.7	133.7	133.7	132.2
8.2	Textiles	157.1	157.3	157.2	153.0
7.1	Metals	108.9	108.9	104.7	104.4
6.1	Building Materials	153.8	155.4	154.4	153.4
1.3	Chemicals and Drugs	125.9	125.9	125.4	127.7
.3	Fertilizer Materials	118.3	118.3	118.3	117.7
.3	Fertilizers	119.9	119.9	119.9	119.7
.3	Farm Machinery	104.8	104.8	104.8	104.4
100.0	All groups combined	141.6	141.7	140.7	137.3

*Indexes on 1926-1928 base were: June 23, 1945, 110.3; June 16, 1945, 110.4; and June 24, 1944, 107.0.

Non-Ferrous Metals—Restrictions on Use of Zinc Removed—Copper Quiet—Quicksilver Off

"E. & M. J. Metal and Mineral Markets," in its issue of June 21, stated: "The week's developments in non-ferrous metals, with few exceptions, centered in news that originated in Washington. The gold mining order was revoked by WPB, effective July 1, and restrictions on use of zinc were removed. Congress voted to extend the Premium Price Plan for a year, along with the non-cancellable features of the bill orignally demanded by the Senate. By a vote of 47 to 33, the Senate, on June 19 voted to give the President the power to reduce tariffs by 50%. In the New York market the call for copper and zinc for July shipment remained inactive. Requests for foreign lead were smaller. Quicksilver declined $1 per flask, despite record consumption." The publication further went on to say in part:

Copper

Unless buying of copper for July picks up soon, the deliveries next month may drop close to 100,000 tons. Fabricators are still engaged in the process of reducing their inventories.

Purchase of copper raw materials up to a 30-day inventory supply without WPB authorization is now permitted. Formerly Direction 2 to Order M-9 limited such acceptances to 150 pounds (copper content) per quarter.

Order M-9 has been amended to eliminate (1) a restriction on copper-clad and copper-base alloy-clad steel scrap; (2) a limitation on the quantity of self-generated scrap that any person could keep on hand; (3) a prohibition of melting or processing copper-base alloy scrap by persons other than those engaged in production of copper raw materials or copper controlled materials; and (4) restrictions on use of scrap by utilities. Restrictions on use of fired cartridge cases, and the acceptance of delivery of scrap by scrap dealers have been removed by WPB.

Lead

The tonnage of foreign lead requested by consumers for July shipment was smaller than in recent months, probably by several thousand tons. This reflects a belated shrinkage in consumption that the lead restrictions have imposed on manufacturers, observers believe. Even should stocks of lead increase during July, which is highly probable, the industry looks for no important change in the attitude of WPB officials in regard to releasing additional supplies.

Sales of lead during the last week involved 6,083 tons, which compares with 9,188 tons in the preceding week.

As a result of cutbacks in Army contracts, civilians will get about 3,000,000 collapsible lead tubes in the current quarter, WPB announced June 14. Lead quotas for dental cleansing preparations for the second quarter have been lifted from 20% of the amount used in the corresponding period of 1944 to 25%. The quota on tubes for rubber and pyroxylin cements has been raised from 40% to 50%.

Domestic refineries produced 45,848 tons of refined lead during May, which compares with 46,511 tons in April, and 45,903 tons in May last year, the American Bureau of Metal Statistics reports. The refineries shipped 40,585 tons in May, against 44,179 tons in the preceding month. Stocks at the refineries at the end of May totaled 38,488 tons, which compares with 33,234 tons a month ago and 19,536 tons at the beginning of 1945.

Zinc

Restrictions on the use of zinc have been removed through revocation of Order M-11-b and Direction 1 to that order, WPB announced June 14. The effect of this action, it was stated officially, will be to give zinc purchasers a "hunting license," as zinc continues in tight supply. Existing allocation controls on slab zinc will be retained, according to WPB. Direction 3 to Order L-103-b, which restricted use of zinc in manufacturing home canning closures, has been revoked.

Though the industry believes that the supply situation in zinc is easing in virtually all directions and is anything but tight, the authorities in Washington are moving slowly in regard to freeing the industry of allocation. WPB officials have proposed a plan, that they hoped to put into operation in August, which would continue allocation of zinc up to 75% of production, the remainder to be set aside until about the 15th of the month for general distribution. Inquiry for zinc for July shipment was slow last week.

Aluminum

The Controlled Materials Plan was partly "open-ended" June 13 by WPB to permit auminum producers to fill unrated orders for aluminum products, except extrusions, immediately, on condition that such action does not interfere with the filling of authorized controlled material orders they have been specifically directed to fill. This "open-ending" 18 days in advance of the July 1 date set for releasing aluminum, steel, and copper on unrated orders, was accomplished by Amendment 4 to CMP Regulation 1.

Tin

The tin situation remains unchanged. Quotations for Grade A or Straits quality tin continued at 52c. per pound.

	June	July	August
June 14	52.000	52.000	52.000
June 15	52.000	52.000	52.000
June 16	52.000	52.000	52.000
June 18	52.000	52.000	52.000
June 19	52.000	52.000	52.000
June 20	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125c. per pound.

Quicksilver

The April statistics of the Bureau of Mines placed consumption of quicksilver at 7,500 flasks, a new monthly high. The gain in consumption has cotinued through May and June, yet the market appears to be amply supplied with metal, owing to larger imports, and the price situation remains unsettled. During the last week spot metal sold at $148 per flask, a decline of $1. On forward business prices ranged from $146 to $147.50 per flask.

A San Francisco dispatch said producers disinclined to name flat prices, but state that they will meet foreign competition.

Gold

Order L-208, limiting production of gold at mines in the United States, has been revoked by the War Production Board, effective July 1, 1945. The order was issued on Oct. 8, 1942, to conserve machinery and supplies for more vital war materials, as copper and zinc.

Gold mines may not be in a position to get into full production quickly owing to the existence of other limitation orders, including P-56, and the manpower shortage at the mines. However, amendments to such regulations are being considered in Washington to provide for a higher rating for gold mines for maintenance, repair, and equipment.

Silver

The London silver market was quiet and unchanged at 25½d. The New York Official for foreign silver continued at 44¾c., with domestic metal at 70⅝¢.

To Head WPB Unit

It has been announced that John H. Martin of Racine, Wis., has been made chairman of the War Production Board's committee on production readjustment which handles military cutbacks, according to the United Press from Washington, June 19.

Revenue Freight Car Loadings During Week Ended June 16, 1945 Dropped Over 11,600 Cars

Loading of revenue freight for the week ended June 16, 1945, totaled 872,674 cars, the Association of American Railroads announced on June 21. This was a decrease below the corresponding week of 1944 of 4,819 cars, or 0.5%, but an increase above the same week in 1943 of 4,388 cars or 0.5%.

Loading of revenue freight for the week of June 16 decreased 11,611 cars, or 1.3% below the preceding week.

Miscellaneous freight loading totaled 392,344 cars, a decrease of 7,070 cars below the preceding week, but an increase of 5,247 cars above the corresponding week in 1944.

Loading of merchandise less than carload lot freight totaled 106,417 cars, a decrease of 1,819 cars below the preceding week, but an increase of 1,746 cars above the corresponding week in 1944.

Coal loading amounted to 173,015 cars, a decrease of 2,265 cars below the preceding week, and a decrease of 7,087 cars below the corresponding week in 1944.

Grain and grain products loading totaled 52,900 cars, a decrease of 111 cars below the preceding week, but an increase of 7,571 cars above the corresponding week in 1944. In the Western Districts alone, grain and grain products loading for the week fo June 16 totaled 36,788 cars, a decrease of 331 cars below the preceding week, but an increase of 7,237 cars above the corresponding week in 1944.

Livestock loading amounted to 14,683 cars, an increase of 215 cars above the preceding week and an increase of 775 cars above the corresponding week in 1944. In the Western Districts alone loading of live stock for the week of June 16 totaled 10,426 cars, a decrease of 155 cars below the preceding week, but an increase of 488 cars above the corresponding week in 1944.

Forest products loading totaled 45,370 cars, a decrease of 1,177 cars below the preceding week and a decrease of 2,740 cars below the corresponding week in 1944.

Ore loading amounted to 74,845 cars, an increase of 2,104 cars above the preceding week but a decrease of 8,255 cars below the corresponding week in 1944.

Coke loading amounted to 13,100 cars, a decrease of 1,488 cars below the preceding week, and a decrease of 2,076 cars below the corresponding week in 1944.

All districts reported decreases compared with the corresponding week in 1944 except the Southern, Northwestern and Centralwestern. All districts reported increases compared with 1943 except the Eastern, Pocahontas, Northwestern and Southwestern.

	1945	1944	1943
4 Weeks of January	3,001,544	3,158,700	2,910,638
4 Weeks of February	3,049,697	3,154,116	3,055,725
5 Weeks of March	4,018,627	3,916,037	3,845,547
4 Weeks of April	3,374,438	3,275,846	3,152,879
4 Weeks of May	3,452,977	3,441,616	3,363,195
Week of June 2	837,520	810,698	667,609
Week of June 9	884,285	873,174	854,486
Week of June 16	872,674	877,493	868,286
Total	19,491,762	19,507,680	18,718,365

The following table is a summary of the freight carloadings for the separate railroads and system for the week ended June 16, 1945. During the period 61 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED JUNE 16

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1945	1944	1943	1945	1944
Eastern District—					
Ann Arbor	306	273	244	1,544	1,536
Bangor & Aroostook	1,303	1,074	936	335	316
Boston & Maine	6,988	6,913	6,335	13,974	14,602
Chicago, Indianapolis & Louisville	954	1,390	1,401	1,882	2,538
Central Indiana	40	24	44	45	34
Central Vermont	1,107	1,117	1,023	2,388	2,328
Delaware & Hudson	4,949	4,957	6,651	14,205	12,106
Delaware, Lackawanna & Western	8,048	8,061	8,209	10,962	10,143
Detroit & Mackinac	247	286	206	152	130
Detroit, Toledo & Ironton	1,731	1,780	1,904	1,178	1,271
Detroit & Toledo Shore Line	414	338	301	2,595	2,363
Erie	12,763	13,203	13,428	17,136	17,207
Grand Trunk Western	4,037	3,928	3,912	8,339	8,101
Lehigh & Hudson River	*195	209	194	*2,794	2,772
Lehigh & New England	2,260	2,225	2,142	1,675	1,961
Lehigh Valley	8,405	9,208	9,216	12,156	16,094
Maine Central	2,480	2,420	2,194	2,962	2,776
Monongahela	6,383	7,647	6,552	311	317
Montour	2,904	2,644	2,479	26	23
New York Central Lines	50,377	50,830	56,826	53,449	55,869
N. Y., N. H. & Hartford	10,084	9,308	9,995	17,825	18,773
New York, Ontario & Western	1,049	1,390	1,667	3,587	3,850
New York, Chicago & St. Louis	6,241	6,672	6,559	15,334	15,882
N. Y., Susquehanna & Western	382	419	557	2,211	2,377
Pittsburgh & Lake Erie	7,222	7,755	7,372	9,584	9,580
Pere Marquette	5,147	5,016	5,016	8,432	7,675
Pittsburg & Shawmut	889	1,001	1,001	26	23
Pittsburg, Shawmut & North	347	339	358	219	206
Pittsburgh & West Virginia	1,083	1,440	1,183	3,174	2,682
Rutland	366	373	331	1,214	1,208
Wabash	6,238	5,685	5,396	12,239	13,096
Wheeling & Lake Erie	5,713	6,087	6,584	4,650	4,271
Total	160,562	164,012	170,216	226,603	232,050
Allegheny District—					
Akron, Canton & Youngstown	734	698	846	1,344	1,262
Baltimore & Ohio	46,924	47,722	43,250	29,005	29,740
Bessemer & Lake Erie	5,418	7,058	6,595	2,143	2,314
Buffalo Creek & Gauley	---	---	290	---	---
Cambria & Indiana	1,313	1,659	1,626	15	3
Central R. R. of New Jersey	6,897	6,712	7,245	20,100	19,343
Cornwall	468	531	627	54	53
Cumberland & Pennsylvania	171	246	295	16	9
Ligonier Valley	104	178	152	67	54
Long Island	1,676	1,765	1,108	4,500	4,690
Penn-Reading Seashore Lines	1,831	1,744	1,753	2,293	2,512
Pennsylvania System	88,280	88,852	82,949	63,613	68,875
Reading Co.	15,238	15,304	14,690	27,055	28,055
Union (Pittsburgh)	16,345	19,562	12,374	6,850	7,977
Western Maryland	3,900	4,064	4,210	12,865	12,507
Total	189,299	196,095	187,010	169,920	177,394
Pocahontas District—					
Chesapeake & Ohio	28,698	28,864	29,840	14,747	14,363
Norfolk & Western	21,378	22,282	23,053	7,425	8,560
Virginian	4,437	4,542	4,890	2,456	2,149
Total	54,513	55,688	57,783	24,628	25,072
Southern District—					
Alabama, Tennessee & Northern	437	254	284	321	420
Atl. & W. P.—W. R. R. of Ala.	798	719	573	2,404	2,681
Atlanta, Birmingham & Coast	1,180	845	746	1,279	1,450
Atlantic Coast Line	10,978	12,524	13,130	9,576	9,700
Central of Georgia	3,831	3,674	3,941	4,841	5,484
Charleston & Western Carolina	401	419	459	1,674	1,762
Clinchfield	1,724	1,803	1,733	2,969	2,953
Columbus & Greenville	258	243	329	248	265
Durham & Southern	105	124	102	557	695
Florida East Coast	1,000	983	1,689	1,049	1,559
Gainesville Midland	50	52	34	132	124
Georgia	1,211	1,343	1,181	2,456	2,637
Georgia & Florida	416	403	364	789	630
Gulf, Mobile & Ohio	5,084	4,036	3,512	4,341	4,403
Illinois Central System	27,843	28,576	25,349	16,775	16,318
Louisville & Nashville	26,529	25,252	25,042	12,236	12,277
Macon, Dublin & Savannah	211	165	199	1,023	973
Mississippi Central	348	216	195	452	593
Nashville, Chattanooga & St. L.	3,401	3,180	3,320	4,616	4,391
Norfolk Southern	2,121	1,342	1,448	1,596	1,615
Piedmont Northern	406	377	355	1,260	1,139
Richmond, Fred. & Potomac	579	426	833	9,659	10,749
Seaboard Air Line	10,277	9,835	10,232	7,749	8,306
Southern System	25,151	22,608	20,842	24,645	21,474
Tennessee Central	543	687	563	734	827
Winston-Salem Southbound	129	130	100	1,097	1,063
Total	125,011	120,316	116,555	114,478	114,488
Northwestern District—					
Chicago & North Western	19,050	20,189	19,465	15,296	11,918
Chicago Great Western	2,333	2,264	2,878	3,393	3,227
Chicago, Milw., St. P. & Pac.	22,174	21,105	19,899	11,192	10,735
Chicago, St. Paul, Minn. & Omaha	3,671	3,365	3,155	3,943	3,491
Duluth, Missabe & Iron Range	27,544	27,881	27,422	600	263
Duluth, South Shore & Atlantic	1,177	1,023	1,230	521	511
Elgin, Joliet & Eastern	8,531	8,773	8,249	9,740	11,917
Ft. Dodge, Des Moines & South	381	434	441	115	90
Great Northern	21,996	22,954	26,203	8,908	6,715
Green Bay & Western	402	492	438	979	853
Lake Superior & Ishpeming	2,522	2,673	3,410	71	46
Minneapolis & St. Louis	2,031	2,150	1,912	2,604	2,416
Minn., St. Paul & S. S. M.	8,010	6,755	7,021	3,117	3,228
Northern Pacific	11,581	11,114	11,352	7,187	5,885
Spokane International	310	147	154	572	536
Spokane, Portland & Seattle	2,793	2,975	2,808	4,350	3,256
Total	134,506	134,294	136,037	72,588	65,087
Central Western District—					
Atch., Top. & Santa Fe System	29,103	27,233	25,092	14,937	11,941
Alton	3,904	3,461	2,896	3,995	4,184
Bingham & Garfield	356	455	616	85	67
Chicago, Burlington & Quincy	19,492	18,736	17,930	12,806	12,002
Chicago & Illinois Midland	3,239	3,098	3,155	878	856
Chicago, Rock Island & Pacific	13,311	12,142	12,514	14,368	12,420
Chicago & Eastern Illinois	2,290	2,686	2,423	4,805	6,998
Colorado & Southern	627	546	802	2,576	2,510
Denver & Rio Grande Western	3,621	3,629	3,275	7,910	5,848
Denver & Salt Lake	525	730	675	61	39
Fort Worth & Denver City	1,589	1,096	1,310	2,136	1,770
Illinois Terminal	*2,106	2,270	1,846	*2,065	1,930
Missouri-Illinois	1,148	1,176	1,048	522	488
Nevada Northern	1,444	1,779	2,070	111	138
North Western Pacific	778	940	1,076	643	728
Peoria & Pekin Union	3	0	7	0	0
Southern Pacific (Pacific)	34,624	33,647	32,897	15,309	12,779
Toledo, Peoria & Western	381	317	232	2,375	2,335
Union Pacific System	15,665	14,405	12,919	19,980	16,138
Utah	620	526	404	7	9
Western Pacific	2,124	2,124	2,179	5,201	3,991
Total	137,580	130,996	125,456	110,770	97,171
Southwestern District—					
Burlington-Rock Island	334	423	1,041	995	397
Gulf Coast Lines	5,098	5,617	5,146	2,265	2,360
International-Great Northern	3,318	3,200	2,849	3,842	4,489
Kansas, Oklahoma & Gulf	242	261	244	1,437	1,111
Kansas City Southern	4,959	6,213	6,001	3,040	2,672
Louisiana & Arkansas	3,309	3,884	4,102	2,851	2,799
Litchfield & Madison	295	246	340	1,593	1,364
Midland Valley	660	630	714	430	393
Missouri & Arkansas	125	138	167	304	342
Missouri-Kansas-Texas Lines	6,875	7,002	6,246	5,433	5,508
Missouri Pacific	16,672	16,591	17,397	18,425	19,879
Quanah Acme & Pacific	138	65	131	221	252
St. Louis-San Francisco	9,784	8,906	8,762	8,731	8,668
St. Louis Southwestern	3,452	3,499	3,524	6,637	7,731
Texas & New Orleans	10,163	14,317	13,578	5,746	5,096
Texas & Pacific	5,615	4,929	5,868	8,330	8,573
Wichita Falls & Southern	131	141	101	90	88
Weatherford M. W. & N. W.	33	30	18	29	29
Total	71,203	76,092	75,229	70,399	71,751

*Previous week's figure. †Included in Baltimore & Ohio RR.

Note—Previous year's figures revised.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1945—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
March 3	181,377	150,486	558,285	96	93
March 10	177,711	152,611	580,804	94	93
March 17	129,948	153,625	557,986	95	93
March 24	137,911	158,551	537,005	99	94
March 31	178,483	162,386	549,631	100	94
April 7	203,891	146,832	604,720	92	94
April 14	159,733	158,938	604,214	97	94
April 21	125,708	162,040	564,631	98	95
April 28	142,387	158,854	546,311	99	95
May 5	223,162	161,764	605,892	97	95
May 12	152,208	153,111	602,717	94	95
May 19	126,285	158,532	565,867	97	95
May 26	129,327	157,794	532,257	97	95
June 2	168,204	153,359	546,211	93	95
June 9	189,674	159,228	575,167	97	95
June 16	129,618	159,230	537,182	96	95

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Results Of Treasury Bill Offering

The Secretary of the Treasury announced on June 25 that the tenders of $1,300,000,000 or thereabout of 90-day Treasury bills to be dated June 28 and to mature Sept. 27, 1945, which were offered on June 22, were opened at the Federal Reserve Bank on June 25.

The details of this issue are as follows:

Total applied for, $2,256,345,000.

Total accepted, $1,317,766,000 (includes $63,855,000 entered on a fixed price basis at 99.905 and accepted in full.)

Average price, 99.905, equivalent rate of discount approximately 0.375 per annum.

Range of accepted competitive bids:

High, 99.908, equivalent rate of discount approximately 0.364% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(51% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on June 28 in the amount of $1,314,043,000.

Eases Depreciation Deductions in Case of Income, Profits Taxes

On June 21 Joseph D. Nunan, Jr., Commissioner of Internal Revenue, authorized a plan under which businessmen can obtain advance assurance for a period of five years on the treatment of their depreciation deductions for purposes of the income tax and excess profits tax. In making this known Commissioner Nunan said:

"This is another of our steps to make the application of the tax laws more definite and certain and at the same time to be of all possible assistance to businessmen insofar as the statutes and regulations permit.

"It is already the policy of the Bureau of Internal Revenue to avoid unnecessary changes in depreciation rates and methods. The new plan carries this policy a step further by making it possible for a businessman to get written assurance that specific rates mutually agreed upon by him and the Bureau will not be disturbed for at least five years, except on his own request.

"This plan was adopted after consultations with many businessmen and their representatives, and we look forward to substantial mutual advantages as a result of it."

The Treasury Department points out that a businessman desiring to obtain such an agreement should consult the Internal Revenue Agent-in-Charge in the district in which he normally files his income tax returns.

Lumber Movement—Week Ended June 16, 1945

According to the National Lumber Manufacturers Association, lumber shipments of 456 mills reporting to the National Lumber Trade Barometer were 5.9% below production for the week June 16, 1945. In the same week new orders of these mills were 14.1% more than production. Unfilled order files of the reporting mills amounted to 112% of stocks. For reporting softwood mills, unfilled orders are equivalent to 37 days' production at the current rate, and gross stocks are equivalent to 31 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 6.7%; orders by 10.1%.

Compared to the average corresponding week of 1935-1939, production of reporting mills was 10.8% greater; shipments were 12.0% greater; orders were 36.9% greater.

Items About Banks, Trust Companies

At the regular meeting of the Board of Directors of the National City Bank of New York held on June 26, DeWitt A. Forward was appointed a Senior Vice-President and Leo N. Shaw, Vice-President, was given the additional title of Deputy Manager Overseas Division. Mr. Forward has been with the bank since 1916 following graduation from Colgate University and most recently as Vice-President in charge of western business of the bank. He was formerly in charge of the National City branches in Brooklyn, taking over that territory when Peoples' Trust Company of Brooklyn was merged with National City. He has had a broad banking experience across the country and on June 25 was elected a member of the Board of Trustees of Colgate University. He is also a trustee of the Dime Savings Bank of Brooklyn and Director and Vice-President of the National City Safe Deposit Company.

Mr. Shaw came to National City in 1916 following his graduation from Amherst. Shortly after, he spent some time in Russia and was Vice Consul of the United States Consular staff there. He traveled back and forth between Siberia and Petrograd in connection with his government work and returned to the United States in 1920 to reenter the service of the National City Bank of New York. He is known throughout the world as a foreign exchange expert.

At a meeting held on June 21 of the Executive Committee of Bankers Trust Company of New York Hugh F. Curran was elected Assistant Trust Officer, and Arthur Gardner was elected Assistant Vice-President.

The appointment of John T. Corsa as Assistant Vice-President of the Bank of New York was announced on June 20 by John C. Traphagen, President of the institution. Mr. Corsa had been connected with the National State Bank of Newark since 1940 in the position of Vice-President.

The advancement of H. O. Eversmann from Assistant Vice-President to Vice-President and John C. Bancroft to Assistant Vice-President were announced by the bank on June 12.

Two new officers elected to the bank on June 12 were R. Peter Badie as Assistant Treasurer and Howard W. Green as Assistant Secretary.

Henry A. J. Ralph, heretofore Assistant Vice-President in the Bond Investment Department of Bank of America at San Francisco headquarters, has been promoted to the rank of Vice-President, and henceforth will divide his time between the bank's New York office and the San Francisco headquarters, according to announcement by L. M. Giannini, President.

Mr. Ralph is well known in banking and investment circles on both coasts, his experience in the field dating back to 1919.

DeCoursey Fales, President of the Bank for Savings in the City of New York announces the appointment of William F. Ferguson as Vice-President and Robert F. Marchant as Treasurer of the bank, effective July 1. Mr. Ferguson was heretofore Treasurer of the bank and has been in its employ since 1907. Mr. Marchant was previously the Assistant Treasurer and has been a member of the staff since 1927.

Hugh Cuthrell has been elected a trustee of the City Savings Bank of Brooklyn, N. Y. Mr. Cuthrell is Vice-President of the Brooklyn Union Gas Company.

John W. Raber has been appointed to the position of Assistant to the President, G. W. Felter of the Greenpoint Savings Bank, Brooklyn, N. Y. Mr. Raber was formerly Auditor of the bank, and is succeeded to that position by John J. Miller.

The promotion of James R. Davie to the Presidency of the Albany Savings Bank, Albany, N. Y., was announced on June 20 by the Albany "Times-Union," which also said that Mr. Davie, who has been Executive Vice-President since March 1, 1944, succeeds Henry D. Rodgers, who retired two years ago.

Mr. Davie previously had served 10 years as senior examiner of the Second Federal Reserve Bank district, of New York City.

Earlier in his career he served on the staff of the Irving National Bank in New York City and also as loaning officer at the Chatham and Phoenix National Bank.

Stockholders of the Manufacturers & Traders Trust Co. of Buffalo, N. Y., and the First National Bank of Kenmore, N. Y., on June 19 approved the merger of the institutions. This merger which is effective June 30 has previously been approved by the State Bank Commissioner.

Major Clifford L. Strang recently retired army officer has resumed his former position as President of the First Trust Company of Tonawanda, N. Y., and Executive Vice-President of the State Trust Company of North Tonawanda, N. Y., it is learned from the Buffalo "Evening News."

The election of Lawrence H. Martin as Vice-President of the National Shawmut Bank of Boston, Mass., was announced on June 22 by Walter S. Bucklin, President of the institution, according to the Boston "News Bureau." Mr. Martin joined the bank in 1928; was elected Assistant Cashier in 1938 and Assistant Vice-President in 1942.

George Bailey Bacon, Vice-President of the Merchants National Bank of Boston for the past quarter of a century, died on June 17 at the age of 58.

At a meeting of the Board of Directors of the First National Bank of Jersey City held on June 20, Kelley Graham, President, announced the promotion of Harold E. McCausland from Assistant Cashier to Assistant Vice-President. Mr. McCausland is in charge of the Bergen Square office.

In an item appearing in our issue of June 21, page 2780, it was stated that the Germantown Trust Co. of Philadelphia had transferred $300,000 from undivided profits to surplus, increasing the latter to $2,500,000. This was an error, since it should have been stated that the action was taken by the National Bank of Germantown and Trust Company of Philadelphia, located at 5500 Germantown Avenue. It happens that there is a Germantown Trust Co. in Philadelphia, but it was incorrect to have associated it with the action referred to. We are giving herewith the advices issued by the National Bank of Germantown & Trust Company regarding its action on June 13, which also included the announcement of the declaration of dividend, its 259th consecutive semi-annual dividend.

The Board of Directors has this day declared a dividend (the 259th consecutive semi-annual dividend) of 10%, or $1 per share on the capital stock, payable July 2, 1945, to stockholders of record June 30, 1945. Checks will be mailed.

The Board authorized the transfer of $300,000 from undivided profits to surplus, increasing the surplus to $2,500,000.

The election of G. Allen Patterson as Vice-President and Treasurer of the Peoples-Pittsburgh Trust Company, Pittsburgh, Pa., was announced on June 20 by J. O. Miller, acting President of the bank. The Pittsburgh "Post-Gazette," from which this is learned, also said:

Mr. Patterson was a national bank examiner for six years and became Assistant Auditor of Peoples-Pittsburgh Trust in 1929. He was named Auditor in 1936 and Treasurer in 1941.

Admission of the Farmers & Citizens Savings Bank Company of Germantown, O., to membership in the Federal Reserve System was announced on June 20 by Ray M. Gidney, President of the Federal Reserve Bank of Cleveland. Member banks in the Fourth District now total 713. The advices from the Reserve Bank state:

"The Farmers & Citizens Savings Bank Company was organized in 1904 with a capital of $25,000 and now has a capital of $35,000. It serves the village of Germantown, located about 15 miles southwest of Dayton, and an adjacent trade populace estimated at 5,000.

"Albert Rettich has been President of the Germantown bank for three years and a director for 25 years. Other officers are R. A. Emrick, Vice-President; T. K. Zehring, Cashier, and H. H. Maxson, Assistant Cashier and Secretary. Directors are the officers and R. Ireland, who has been a member of the board for 35 years."

The St. Louis "Globe-Democrat" of June 19 reported that following the purchase of about 90% of the outstanding stock of Jefferson Bank & Trust Company of St. Louis, Mo., by Thomas T. Poleman and associates, it was announced that Mansfield C. Bay, formerly in the lumber business, had been elected President, succeeding O. H. Moberly, who is retiring.

It is further stated A. N. Bergfeld, formerly Cashier, was elected Vice-President and Cashier, and also was re-elected to the board. New members of the board are: Mr. Poleman, Mr. Bay, P. Walker MacMillan, George N. Meissner, Edmund T. Allen, Creighton B. Calfee and R. W. Poertner, an Assistant Cashier. Mr. Moberly's name also is included among the new directors. Mr. MacMillan was elected First Vice-President. The bank's condition statement of Dec. 31, 1944, as listed in G. H. Walker's Manual, showed: Capital, $200,000; surplus and undivided profits, $134,954; deposits, $8,118,374.

Lewis A. Lapham, Executive Director of Pacific American Steamship Association, and Charles Page, Vice-President of Johnson & Higgins of California, were elected to the Board of Directors of Crocker First National Bank of San Francisco, Calif., it was announced in the San Francisco "Chronicle" on June 15.

W. H. Taplin on June 14 was named a Vice-President of the American Trust Co. of San Francisco, Calif. S. A. Heatley and J. O. Elmer, Jr., were named Assistant Vice-Presidents.

Appointment of R. V. LeSueur to the Board of Directors of the Royal Bank of Canada has been announced, according to the Toronto "Globe and Mail" of June 20, which further said:

"The new director is Chairman and President of Imperial Oil, Ltd., and President of its subsidiary, International Petroleum Co., Ltd., and is one of Canada's leading oil men.

The Directors of Barclays Bank (Dominion, Colonial and Overseas) have declared interim dividends of 4% actual on the cumulative preference stock and 3% actual on the "A" stock and "B" shares, in respect of the year ending Sept. 30, 1945, subject in each case to the deduction of income tax at 8/7 s.d. in the £. The interim dividends were payable on June 15, 1945, to stockholders and shareholders on the register on May 25, 1945.

S. G. Gates, Chairman of Tecalemit, Ltd., has been appointed a Director of Westminister Bank, Ltd., of London.

Davis Favors Minimum Wage Rise

Addressing a gathering of CIO and AFL textile unions' representatives and high-ranking members of the armed services, the War Production Board, War Labor Board, War Manpower Commission and his own agency, Economic Stabilization Director William H. Davis suggested a major revision in the basic wage law, the Fair Labor Standards Act, stating that he favored a 50-cents-an-hour minimum wage and minimums ranging up to 65 cents an hour for some special industries, special advices to the New York "Times" from Washington stated on June 20.

At a news conference which immediately followed the meeting, Thomas I. Emerson, general counsel of the Office of Economic Stabilization, reported the director's views as an authorized spokesman. He added later that the proposal had been under study by OES for some time.

Mr. Davis' proposal would not only raise the national minimum wage in the textile industry from 40 cents an hour to 50 cents, but provide special premium levels as high as 65 cents an hour for such troublesome industries as textile manufacturing.

The meeting was called specifically to exchange views on the problem of increasing textile production but Mr. Davis' suggestion for a substantial wage increase for textile workers appeared to be the most concrete result.

His proposals, according to the "Times," to some degree duplicated the wage demands of the CIO Textile Workers Union of America. Outlined by George Baldanzi, Executive Vice-President of the union, these demands fix a minimum textile wage of 65 cents an hour and a flat increase of 10 cents an hour throughout the industry. The AFL union, the United Textile Workers of America, seeks a minimum wage of 75 cents an hour, and "appropriate" increases.

The differential of 10 cents an hour between the CIO and the AFL requests is partly explained by the fact that the AFL group is composed largely of skilled textile workers who customarily would earn more than the unskilled employes in the CIO union.

Under the Fair Labor Standards Act, better known as the Wage-Hour Law, any increase in the national minimum wage would have to be approved by the Secretary of Labor, the New York "Times" states. For premium wage levels in other industries, the increase would first have to be recommended by a special committee comprising management, labor and public members, and then approved by the Labor Secretary.

Mr. Davis agreed with union members today, according to Mr. Emerson, that low wages for textile workers were one of the key problems, "if not the key problem," in the whole difficulty of recruiting employes and put the industry in a poor position to compete for manpower with other war industries.

Mr. Baldanzi, of the CIO union, interposed to point out that the average textile worker earns $29 a week for working 42 hours, even with the recent increases authorized by the WLB for 55 plants. In the South, he added, this wage was reduced to $25 to $26 a week.

Kenneth W. Marriner, director of the WPB Textile Clothing and Leather Bureau, said the problem of increasing wages was not one on which the WPB had authority to act and added that the agency also had not recommended a wage increase to the WLB. These matters, the WPB textile chief said, would be submitted to the inter-agency committee, of which he is chairman, organized recently to study the textile production situation.

Action Expected on Business Tax Relief

Passage of the so-called Interim Tax Bill, providing some $5,500,000,000 in refunds for business concerns, introduced by Chairman Robert L. Doughton (D., N. C.) of the House Ways and Means Committee, on June 18, according to the "Journal of Commerce" from Washington on that date, seemed likely before Congress adjourns for the summer after the House committee had decided to proceed with consideration of the measure without public hearings, as the "Wall Street Journal" reported on June 21, and continued:

"Chairman Doughton believes the measure can be enacted by both Houses before mid-July. Congressional leaders are aiming at an adjournment for the summer by July 10 at the earliest and July 23 at the latest.

"The interim measure provided for a speed-up of refunds from war-time business taxes. Originally they were to be paid in the post-war period to provide aid to companies having to reconvert their plants.

"In addition to faster refunds, the measure would increase the present $10,000 exemption from excess profits taxes to $25,000.

"Members of the Ways and Means Committee yesterday completed a study of the bill, together with a report recommending its enactment. The report was written by congressional and Treasury tax experts.

"While a vote on the question of public hearings was not taken directly, the committee did vote to proceed today with consideration of the measure and any amendments. Representatives Reed (R., N. Y.) and Robertson (D., Va.) plan to offer amendments increasing the amount of the excess profits tax exemption to some figure over $25,000. They have not decided on the exact figure.

"Members of the committee had feared there would be a demand for public hearings and had forecast that if hearings were held the bill could not be passed before the July adjournment. Since public hearings are not likely, most members are confident the bill will get speedy approval."

China Suspends Gold Sales

The Chinese Ministry of Finance said on June 25 that Government sale of gold would be temporarily suspended starting that day. Associated Press advices from Chungking, June 25, reporting this, added:

"Hitherto more than 80,000,000,000 Chinese dollars have been recalled from circulation through the sale of gold, which had the effect of helping curb inflation.

"In view of the present tightness of money and in order that the Chinese currency can be stabilized, the sale of gold will be suspended until August, by which time shipments from the United States will be available.

"These shipments will total 200,000,000 American dollars allotted for the purchase of gold out of a total of 500,000,000 American dollars which are being loaned to China."